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Austria	Sch26	Indonesia	Rp3800	Pakistan	Rs35
Bahrain	Din1.650	Iran	Rls210	Philippines	Pso45
Belgium	BFr65	Israel	Shk5.50	Poland	Zl 18,000
Cyprus	CC1.00	Italy	L2600	Portugal	Esc180
Czech	Kcs45	Jordan	JD1.20	Qatar	QR10.00
Denmark	DKr14	Korea	Won 2500	S.Arabia	SR8.00
Egypt	E£4.50	Kuwait	Fils.500	Singapore	S$4.10
Finland	FM10	Lebanon	L£1,250	Spain	Pta200
France	FFr8.00	Lux	LFr60	Sweden	SKr14
Germany	DM3.20	Morocco	MDh11	Switz	SFr3.00
Greece	Dr250	Neth	Fl 3.50	Thailand	Bht50
Hungary	Ft162	Nigeria	Naira20	Tunisia	Din1.000
Iceland	IKr185	Norway	NKr15.00	Turkey	L6000
India	Rs30	Oman	OR1.20	UAE	Dh8.00

POWER
Europe's big three slug it out
Page 3

World News

Go-ahead for UN peace force in Yugoslavia

A United Nations peacekeeping operation in Yugoslavia could get under way within weeks after UN secretary-general Boutros Boutros Ghali said he would recommend the sending of a 10,000 strong force.

The operation, expected to be largely made up of Europeans, is likely to cost $400m in its first year. Page 14; Marching to different tunes, Page 2

Storms kill six
Southern California's worst storms for 100 years have killed at least six people. Many more are feared swept away by sudden torrents gushing along normally dry river beds.

Moslems die in raid
Two Moslem militants and a soldier were killed in a raid on a military barracks in Algiers. Moslems are campaigning for a return to free elections. Page 4

Nasa head sacked
Former astronaut Admiral Richard Truly was fired as head of the US National Aeronautics and Space Administration. Page 4

Ethnic tension in CIS
Former Soviet foreign minister Eduard Shevardnadze said ethnic tension was growing in the Commonwealth of Independent States, but predicted that conflict in his native Georgia could be settled this year.

Plea from Rushdie
Author Salman Rushdie appealed to the UK government to persuade Iran to lift the death sentence against him passed three years ago today after publication of his novel The Satanic Verses.

Kashmiri march ended
Indian police in Srinagar dispersed 4,000 pro-independence Kashmiris who planned to march from the Pakistani side of the disputed Jammu and Kashmir region. Page 4

IRA killer to return
IRA fugitive Joe Doherty lost his eight-year fight to avoid deportation from the US. He is expected to be returned to Belfast within days to resume a 30-year sentence for killing an SAS man.

Fraud office option
The UK government would consider allowing the Serious Fraud Office to opt for civil instead of criminal proceedings in prosecuting large fraud cases, corporate affairs minister John Redwood said in an interview with the Financial Times. Page 6

Earlier CFC ban
Denmark will ban the use of ozone-destroying CFC gases from the end of 1994, five years earlier than planned.

Second homes attacked
France's ultra-right National Front party said the growing numbers of British, Dutch and Germans with second homes in rural France were forcing farmers from their land.

Honour for rock singer
American rock singer and song writer Lou Reed is to become an officer of the French Order of Arts and Letters, France's second highest artistic honour.

Business Summary

US economy begins to show signs of recovery

US retail sales jumped 0.6 per cent in January while previous months' figures were revised sharply upwards, providing tentative evidence that the economy is in better shape than some analysts feared.

At the same time sales figures from Ford and General Motors for the first 10 days of February were stronger than expected, suggesting a recovery of demand in the car industry. Page 14

JAPAN'S trade surplus for January recorded a fourfold year-on-year increase to $3.84bn. Page 14

KENYAN government has reassured the banking sector after the Central Bank began an operation this week to rescue two banks facing liquidity problems. Page 4

BRITISH Petroleum held its final dividend, blaming poor fourth-quarter results which saw profits plunge to £72m ($130m) from £456m. Page 15; Lex, Page 14; Chairman's role questioned, Page 16

COLGATE-PALMOLIVE, US household products company, is to buy Mennen Company, privately owned personal care products manufacturer, for about $670m. Page 15

HANSON, Anglo-US conglomerate, announced a new dividend policy to minimise its tax charge as it reported a 6 per cent fall in pre-tax profits in the first quarter to the end of December 1991. Page 15

UNILEVER, Anglo-Dutch food and consumer products company, has put up for sale most of its agribusiness interests. Page 15; Lex, Page 14

BANK of England governor, Robin Leigh-Pemberton, said European economic and monetary union need not lead to federalism in the European Community. Page 14; Editorial Comment, Page 12

GERMAN ECONOMY: The end of the unification boom has pushed orders for west German manufactured goods back to mid-1988 levels. Page 2

FUJISANKEI Communications, holder of 25 per cent of Virgin Music Group, is likely to sell its stake if moves to bring in a new majority shareholder are successful. Page 16; Home but not alone, Page 9

HONDA, Japanese carmaker, has protested against a US government ruling that cars assembled at its Ontario plant fail to comply with the duty-free threshold of the US-Canada free trade pact. Page 3

AUSTRALIA'S unemployment rate dropped in January to 10.3 per cent from a record 10.6 per cent in December. Page 4

UNITAS, Finnish banking group, announced a FM128m ($29.3m) profit for 1991, compared with FM480m for the previous 12 months. Page 16

CBS, US media group, posted a net loss of $85.8m for 1991, after an after-tax loss of $195.5m from its baseball and football coverage. Page 17

NEW ZEALAND dairy farmers, who suffered a disastrous season last year, face a brighter future thanks to currency changes and firmer international demand. Page 24

Steep rise in UK jobless is blow to Conservatives

By Peter Marsh and Philip Stephens in London

A SHARP rise in UK unemployment last month delivered a sharp blow yesterday to the ruling Conservative party's confidence about the economy.

Together with news of record house repossessions and a big fall in manufacturing investment last year, the jobless figures increased the pressure on Mr Norman Lamont, the chancellor of the exchequer, to respond to the severity of the 18-month recession with an early cut in interest rates and action to help the economy in next month's budget.

Seasonally adjusted unemployment rose in January by 53,000, nearly twice the figure expected by analysts and the biggest monthly increase since August. The increase brought to just over 1m the headline count of job losses since British unemployment started rising in March 1990.

Repossession of homes by mortgage lenders reached more than 75,000 in 1991, while factories cut their capital spending by 15 per cent compared with the previous 12 months.

There were angry exchanges in Parliament, where Mr Neil Kinnock, the Labour opposition leader, said the unemployment figures were "devastating" and accused the government of having caused the recession.

Mr Kinnock made clear that Labour would keep the government's economic record at the heart of the general election campaign.

While Mr John Major, the prime minister, acknowledged that the unemployment figures were "disappointing", other government ministers hinted that the March 10 budget, as well as cutting income tax, would include measures to help the unemployed.

UK unemployment

million - seasonally adjusted

Source: Datastream

The 22nd consecutive monthly rise in unemployment pushed the adjusted jobless figure to 2.6m, the highest for four years. It means 9.2 per cent of the workforce were without jobs last month, up from 9.0 per cent in December, and marks an apparent quickening in the pace of unemployment.

The figures follow a spate of announcements of big job losses across industry, and indications of a decline in business confidence – which some believe may put back an upturn until well into this year.

Mr Peter Spencer, UK economist at Shearson Lehman Brothers, a US securities house, said: "A lot of companies are giving up the ghost on any early recovery, and are moving to cut costs by shedding labour."

One piece of good news for Mr Lamont was that the index of underlying earnings across the economy rose in the 12 months to December by 7¼ per cent, compared with the November figure of 7½ per cent. The rise, the smallest since the late 1960s, underlines the decline in inflationary pressures which the government believes will lead on to a sustained recovery.

Looking ahead to the budget, Mr Michael Howard, employment secretary, said he had "no doubt at all" that the budget measures would help boost employment.

Mr John Maples, a Treasury minister, said that the tax burden would continue to fall "this year and next", as it had done since 1981.

But the prime minister faced strong attacks from both Mr Kinnock and Mr Paddy Ashdown, the Liberal Democrat leader, over his refusal to introduce an emergency package of measures to stimulate the economy.

As Mr Major insisted that the government's strategy had laid the foundations for sustained economic recovery, some ministers joined a growing chorus of calls from backbench Conservative MPs for an immediate cut in interest rates.

Tide fails to turn for the jobless in manufacturing, Page 6
Editorial Comment, Page 12

Traffic halts on a flooded freeway in California, where the Ventura river overflowed its banks following storms which have killed at least seven people since Saturday

Democrats reconsider candidacy as Clinton's edge wanes

By Lionel Barber in Washington

SEVERAL US congressional Democrats are taking a second look at entering the 1992 presidential campaign because of fears that Governor Bill Clinton's chances have been irreparably damaged by charges of draft-dodging.

The leading contenders include Senator Lloyd Bentsen of Texas, Congressman Richard Gephardt of Missouri, the House Majority leader, and Senator Jay Rockefeller of West Virginia. None has shown his hand, but neither have they cut off speculation about a future candidacy.

Much will depend on the outcome of next Tuesday's primary election in New Hampshire, where Mr Clinton, once the overwhelming favourite, has seen his lead vanish in the wake of allegations of adultery and renewed controversy over draft-evasion 23 years ago.

A prominent Democratic strategist on Capitol Hill said yesterday: "Clinton is finished. Electability is the issue and Clinton cannot make that case anymore."

Another Democrat speculated that if Mr Clinton, governor of Arkansas, fared poorly in New Hampshire, a group of southern senators and congressmen and regional officials would press for a national figure such as Mr Bentsen, Mr Gephardt or Senator Albert Gore of Tennessee to enter the race.

These arguments are propelled by general dissatisfaction with the quality of the current Democratic candidates, most of whom are viewed as "second tier". Mr Clinton, a centrist southerner with broad appeal among liberals and conservatives, was seen as the best candidate to beat President George Bush in November.

The problem for new contenders is that filing deadlines for 27 states will have passed after the New Hampshire primary, covering almost 60 per cent of the delegates to the national convention which will select the presidential nominee. This makes a late entry hard, but not impossible – if Mr Clinton throws his delegates to another contender who has national stature and can raise money.

Pressure for a Southern candidate will increase if former Senator Paul Tsongas of Massachusetts scores a big victory next Tuesday, because his
Continued on page 14

Ford announces loss of $2.26bn in 1991

By Nikki Tait in New York

FORD, the second biggest US motor manufacturer, yesterday revealed that it lost $2.26bn after tax in 1991, further underlining the severe problems faced by the US car industry.

In the fourth quarter alone, Ford said that there was a net loss of $475.7m, or around $1.08 a share, compared with a $518.5m deficit a year earlier.

The Detroit carmaker had already issued warnings of losses for the second half of 1991, and the fourth quarter earnings figure was slightly better than some had feared.

However, it was quickly noted that the net figure was flattered by a large tax credit – $395.4m for the year – and described the underlying performance as "disappointing". By lunchtime, Ford shares were one half higher at $35⅛.

Ford's results follow a $74m pre-tax loss by Chrysler in the fourth quarter, and a warning by the smallest of the "Big Three" Detroit motor companies that it might lose substantially more than that in the first quarter of 1992.

General Motors, the largest US carmaker, has yet to report fourth quarter figures, but is widely expected to lose between $550m and $750m in the quarter, before any special charges, and with a loss for the full year of several billion dollars.

Ford's full-year loss compares with a profit of $860.1m in 1990. The company said that worldwide sales totalled $88.3bn, down by 9.6 per cent from 1990. Within the overall profits total, the automotive operations lost $3.19bn (compared with earnings of $98.7m in the previous year), while the financial services group contributed a $927.5m profit, up 22 per cent on the previous year.

Automotive losses within the US reached $2.2bn, a huge increase on the 1990 loss of $17m. Outside the US, Ford's problems stemmed principally from the UK – with Ford of Britain making a $761m deficit and Jaguar returning a $354m loss. Together, these outweighed profits in continental Europe, and brought losses outside the US to $970m.

The company lost share in the US, ending the year with around 20.1 per cent of the market, down by 1 percentage point on 1990.

Lex, Page 14; Background, Page 15

MPs suspected as Japan faces yet another scandal

By Robert Thompson in Japan

JAPAN witnessed the ceremonial start yesterday to another long-playing scandal. Investigators raided company offices and gangster haunts, and hinted that they were following a trail of alleged bribery likely to lead to the upper ranks of the ruling Liberal Democratic party (LDP).

Details of the Sagawa Kyubin Scandal have been common knowledge for several months, and the first whispers were heard a year ago. But a scandal does not become a Scandal in Japan until police and prosecutors, in the presence of television cameras, go through the motions of a large-scale raid, signifying to the nation that the game has begun.

For the moment, the targets of police questioning are two former executives of the Tokyo Sagawa Kyubin, the country's second largest parcel delivery company, and members of Inagawakai, the gangster group also entangled in the securities industry scandals last year.

Prosecutors allege that the former Tokyo Sagawa executives, Mr Hiroyasu Watanabe and Mr Jun Saotome, had abused their authority by organising Y528bn ($4.29bn) in loans and guarantees, much of it for land and stock speculation. And, the prosecutors suggest, some of the funds eventually came to rest in the bank accounts of leading MPs, both government and opposition.

While prosecutors furnished television stations with charts showing the complex route followed by the parcel company's money, Japanese were left wondering last night whether they would be eventually treated to another spate of political resignations or whether prosecutors will be content to put a few allegedly corrupt executives in the stocks.

The case resembles the Recruit Scandal of three years ago, when Recruit, a business information company, was shown to have provided politicians and executives with cut-price shares in return for assistance to the ambitious and fast-expanding company.

Mr Noboru Takeshita was forced to resign as prime minister and the LDP was badly bruised in an upper house election. Yet only two minor politicians were indicted on bribery charges, and many implicated MPs have returned to high office, including the present prime minister, Mr Kiichi Miyazawa.

Like Recruit, Tokyo Sagawa Kyubin was a corporate upstart, having become the largest and most successful subsidiary of Sagawa Kyubin, a Kyoto company founded in 1957. And like Recruit, a few executives at the parcel delivery company had sought to win friends and influence people within important Japanese institutions, including the government and the gangs.

The very public investigation is now focused on whether
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Trade surplus soars, Page 14

Weekend FT

Tomorrow: The high-rolling life and violent death of a gambling king

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The artistic traveller's guide to Berlin

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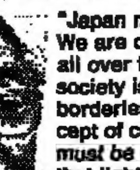
Sony's Akio Morita says why Japan must 'reinvent' itself



"Japan must change. We are doing business all over the world, society is becoming borderless. The concept of competition must be considered in that light. In the long run we have to harmonise conditions."
Page 12

MARKETS

STERLING
New York lunchtime: $1.7695
London: $1.7705 (1.7885)
DM2.8725 (2.875)
FFr9.7875 (9.7925)
SFr2.58 (2.5725)
Y226.0 (228.0)
£ Index 90.7 (90.9)

GOLD
New York Comex Feb $357.3 (359.6)
London: $356.4 (357.1)

N SEA OIL (Argus)
Brent 15-day Mar $18.30 (18.125)

Chief price changes yesterday: Page 15

DOLLAR
New York lunchtime: DM1.6263
FFr5.542
SFr1.46125
Y127.81
London: DM1.623 (1.607)
FFr5.5275 (5.475)
SFr1.4575 (1.4385)
Y127.7 (127.55)
$ Index 63.6 (63.2)
Tokyo close: 127.33

US lunchtime rates
Fed Funds: $3\frac{13}{16}$%
3-mo Treasury Bills: 3.87%
Long Bond: $101\frac{7}{32}$
yield: 7.886%

STOCK INDICES
FT-SE 100: Yield 4.87
2,522.6 (−1.1)
FT-A All-Share: 1,209.53 (−0.0%)
FT-SE Eurotrack 100: 1136.88 (+0.56)
New York lunchtime: DJ Ind. Av. 3259.17 (−17.66)
S&P Comp 414.83 (−2.30)
Tokyo: Nikkei 21,391.02 (−150.62)

LONDON MONEY
3-month interbank: $10\frac{7}{16}$% (same)
Liffe long gilt future: $97\frac{27}{32}$ (Mar $98\frac{1}{32}$)

Kohl attacked over economic failure in east

By **Quentin Peel** in Bonn

THE GERMAN government was accused yesterday of presiding over the de-industrialisation of the former East Germany, and failing to develop a coherent industrial policy to protect it.

The charge was made by opposition speakers, who blamed the government for excessive optimism about economic recovery in the east, and for underestimating the cost of its collapse for the western economy.

Members of the government insisted recovery was on the way, and accused the opposition of blocking tax reforms to gain electoral advantage, although all the benefit would go to the east.

The angry exchanges dominated the parliamentary debate on the annual economic report of the government, and on the parallel debate on the tax reforms, currently deadlocked between the Bundestag and Bundesrat, the two houses of the German parliament.

The increasingly bitter German economic debate takes place against a background of conflicting conclusions about the east German economy, with Chancellor Helmut Kohl and his colleagues talking about recovery within five years, while economists say it will take 20 years or more to catch up with the west. The latest study by the Prognos institute in Basle (carried out for the federal Economics Ministry) predicts that by 2010, per capita GNP in the east will be about 87 per cent of that in the west.

Mr Wolfgang Roth, economics spokesman for the opposition Social Democrats (SPD), said east Germany was threatened with "broad stretches of de-industrialisation". The government was presiding over a "catastrophic development" in eastern industry, because it refused to draw up a coherent industrial policy.

He called for a coherent, and legally-based, rehabilitation policy for the Treuhand agency, which has hitherto concentrated overwhelmingly on privatisation of east German industry.

He also called for a specific policy of public support for "structurally-essential" industries, to prevent entire industrial areas from closing. And he proposed a "co-operation policy" to bring together central government, the state governments, employers, unions and the Treuhand, to agree on common policies.

Mr Jürgen Möllemann, the economics minister, repeated his plea to unions and employers to show restraint in the current wage round to bring inflation back below 4 per cent.

UN troops set to march to different tunes

Judy Dempsey and Laura Silber on conflicting Yugoslav views about the forces' goal

BARRING a complete breakdown of the ceasefire, more than 10,000 United Nations peacekeeping troops will soon be on their way to the former Yugoslav republic of Croatia.

Mr Cyrus Vance, the UN envoy, has managed to secure agreement for their deployment from Serbia's President Slobodan Milosevic, Croatia's President Franjo Tudjman, and the federal army. Mr Milan Babic, head of the self-proclaimed Serbian republic of Krajina in south-western Croatia, has yet to fully commit himself.

Under terms proposed last December, it was suggested that the UN force would consist of about 10 infantry battalions, 100 military observers, 500 police monitors, and necessary civilian and military support. These would be deployed in three areas in Croatia to be designated as UN Protected Areas (UNPAs).

It is in these regions – eastern and western Slavonia, eastern and central Croatia, and the Serb enclave of Krajina – where Serbs form either a majority or or a substantial minority, and where tensions between Serbs and Croats have led to local civil wars.

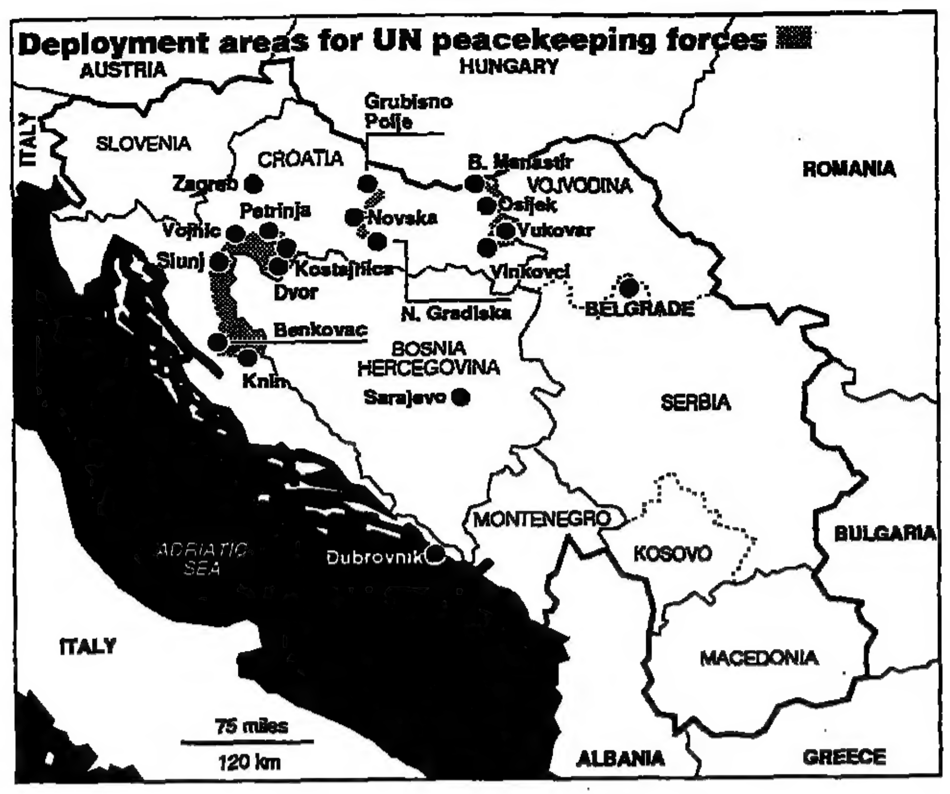
As a means of stabilising the areas, the UN wants to demilitarise them rapidly: withdraw, disband, or demobilise all armed forces; and protect people living there from attack.

The UN is insisting that Croatia's territorial defence units, and other units in the UNPAs, must hand over *all* weapons to the federal army, Croatia's National Guard, or to UN forces; that all units of the federal army be relocated outside Croatia; and that all Serbian territorial, paramilitary, irregular and volunteer units not from the region withdraw from Croatia.

Finally, the maintenance of public order in the UNPAs will be the responsibility of local police forces who would reflect the national composition of the local population, and who lived in the region *before* the conflict broke out on June 25.

Having learned from the 14 ceasefires brokered by the European Community, UN negotiators have ironed out all possible ambiguities in the text for deploying troops. Nevertheless, all sides in the conflict hold different views about the UN's goals.

The Croatian government wants the troops in the republic for a minimum period to restore stability which would facilitate local, parliamentary and presidential elections. The UN has said its mandate will be reviewed every six months.



Croat officials also believe that any extended UN presence would cement the gains of Serb militants and Serbia at the expense of regaining for Croatia that third of its territory held by the federal army.

For this reason, Zagreb wants the UN mandate to go to include helping Croatia regain all its territory. The UN has repeatedly stated that any deployment of troops "would not prejudge the outcome of political negotiations for a comprehensive settlement of the Yugoslav crisis". That remains the EC's task.

Serbia wants the UN troops deployed not only because maintaining the federal army has become too expensive, but also because Mr Milosevic believes the UN will consolidate some Serbian gains.

However, the growing consensus among Croat and Serb liberals is that Serb militants in certain regions in Croatia are likely to quit once the federal army, their supporters, have withdrawn.

As for Mr Babic, he fears for the safety of Serbs in Krajina if local Serbs disarm. In a letter sent yesterday to Mr Boutros Ghali, UN secretary-general, he warned the safety of UN troops could not be guaranteed.

Western diplomats in Belgrade believe the longer the delay in deploying the troops the greater the chance of the ceasefire collapsing, and all sides hardening.

Solchaga claims inflation success

By **Peter Bruce** in Madrid

FOR THE past two weeks Spain's veteran finance minister, Mr Carlos Solchaga, has been telling the country that inflation for January of anything less than 2 per cent would be a great success.

Yesterday, he seemed to have engineered himself a victory with a figure of 1.5 per cent, even though it was still one of the strongest monthly rises in the past three years, taking year-on-year inflation to 5.9 per cent and clearly breaking with the downward trend since last summer. Spain ended 1991 with inflation of 5.5 per cent.

The Madrid stock market reacted happily to the news, rising slightly, and the government, naturally, trumpetedits success. January's inflation figure was always going to be bad since average VAT rates have risen from 12 per cent to 13 per cent this year.

The January inflation figure did not include an annual revision of house price increase. Analysts say this implies the figures are understated by 0.4 percentage points.

The inflation figurefollows interest rate cuts of half a point by Spain's two most aggressive commercial banks, Banco Bilbao Vizcaya and Banco Santander, and a sharp rise in car sales in January, putting the country in a quietly confident mood.

It also seems clear that the spring wage round, which is getting into its stride with a series of predictable public transport strikes in Madrid and Barcelona, will see salary rises of about one percentage point less than last year. For the moment, Mr Solchaga is sticking to an inflation "target" of around 5 per cent for the year.

It is assumed that February and March price rises could take inflation to close to 7 per cent a year, but the government is obviously having some success in slowing down the economy.

Mr Solchaga is also preparing to present Spain's Convergence Plan to his European Community colleagues next month and it promises rigorously to attack public spending. His problem is in implementation, and whether he can win support from Mr Felipe Gonzalez, the prime minister, and the socialist party hierarchy.

Mr Jorge Hay, chief economist at Banco Central Hispanoamericano, insists that 1992 inflation of between 5.5 and 6.0 per cent is probable and that the commercial bank interest rate cuts are not necessarily based on healthy projections for domestic inflation.

Rather, he and other analysts agree that the strains being placed on the peseta by the weakness of the pound sterling in the exchange rate mechanism of the the European Monetary System could force cuts in official Spanish rates.

Certainly, if UK interest rates are cut before a general election, the Spanish are unlikely to try to resist a corresponding cut themselves.

Manufacturing falls to 1988 levels

By **Christopher Parkes** in Bonn and **Leslie Colitt** in Berlin

THE end of Germany's unification boom has pushed orders for west German manufactured goods and plant utilisation in factories back to mid-1988 levels, according to figures published today by the Ifo economics institute in Frankfurt.

Industrialists expect stagnation "at best" for the coming months, the institute says, and they are increasingly doubtful that use of existing capacity will reach "satisfactory" levels in the year ahead. Investment goods makers, for example, which are now working at 84.8 per cent capacity, expect continuing contraction.

The new data and opinions, assembled by Ifo from its regular business surveys, suggest that hopes of improvement depend more on increased overseas demand than any domestic upswing.

The delicacy of the economic balance is underscored by a claim from the DIW institute in Berlin that west Germany's real gross national product (GNP) fell by half a percentage point in the last quarter of 1991. If confirmed, this would be the third decline in succession.

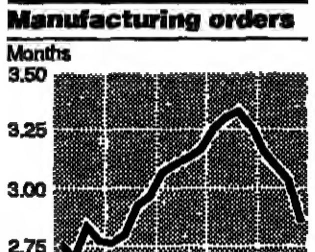
"The latest industrial orders figures show that the western economy is going through a difficult phase," DIW says in a report to be published today. The institute, a recognised authority on east Germany, also claims that real GNP in the east fell 30 per cent last year, compared with the hitherto accepted estimate of 20 per cent.

The correction stems partly, the institute says, from the discovery that increases in output from the construction industry have been "clearly over-estimated". Construction is one of the main motors driving the eastern economy towards officially forecast growth of 10 per cent this year.

The DIW also reported that the Treuhand privatisation agency was increasing liquidity loans to its ailing east German companies this year instead of using the money to modernise and restructure them.

The institute said the Treuhand should stop guaranteeing liquidity loans to companies which were using them for "uncontrollable purposes." Instead, investment loans and company capitalisation should be increased – up to a fixed limit – and be tied to the level of non-guaranteed bank loans obtained by the companies. They would also be required to achieve profitability by a given date.

Manufacturing orders



The institute said that last year DM9.9bn, nearly one third of the Treuhand's budget, went toward restructuring its companies while DM4.5bn was spent on guaranteed liquidity loans. These were largely used to pay wages, salaries and other running costs. This year the Treuhand plans to guarantee DM8bn in liquidity loans while boosting restructuring funds to only DM11.5bn, according to DIW.

DIW proposed that instead of subsidising wages, the Treuhand should give reducing wage subsidies for a limited period of time to companies which are to be restructured. It also suggested that old debts of companies be cancelled and be transfered to the federal budget. Both Bonn and the Treuhand recently suggested that the east German state governments might want to invest in large companies which could not otherwise be rescued. But the Länder governments themselves almost totally depend on funds from Bonn which faces a myriad of financial demands from east Germany.

OECD sees gains for Portugal in ERM entry

By **David Marsh**, European Editor

EARLY Portuguese membership of the exchange rate mechanism of the European Monetary System would help bring down inflation and curb the country's growing economic imbalances, the Organisation for Economic Co-operation and Development suggests today.

In its latest report on the Portuguese economy, the OECD pinpoints the failure to meet inflation targets as a principal weak point in its generally good economic performance since joining the EC in 1986.

The Paris-based secretariat suggested that the discipline of entry into the EC's system of exchange rate management "could help to ease the costs of lowering inflation". It would prepare Portugal for the eventual goal of European Monetary Union. However, the OECD recognised the difficulties of bringing the escudo into the ERM during a period of high inflation.

Consumer price inflation stood at 11.4 per cent last year – compared with an EC average of 4.8 per cent. It is likely to fall only slowly to 10.5 per cent this year and 9.9 per cent in 1993, well above the government's target of 8 per cent.

Steady growth of gross domestic product is expected over the next two years – 2.6 per cent this year, and 2.7 per cent in 1993. Last year's growth of 2.7 per cent represented a sharp fall compared with the average growth of 4.5 per cent in the preceding five years.

Although the OECD praised Portugal's "excellent output performance" since EC membership, it pointed to increasing imbalances as a result of high wage growth and booming private consumption. Real wages rose 5 per cent in 1991 and would continue to outstrip productivity in the short term, the OECD said.

The visible trade deficit, already 11.5 per cent of GDP in 1991, is likely to widen further, leading to a growing shortfall on current account – forecast at 2.5 per cent of GDP next year.

CIS bobs on the nationalist tide

By **John Lloyd** in Moscow

PRESIDENT Boris Yeltsin arrives in Minsk today laden with political baggage. The meeting of Commonwealth of Independent States leaders brings together men who will ostensibly seek ways of furthering CIS interests, but who are actually immersed in the inevitably divisive process of building nations.

Mr Yeltsin is well aware of the nationalist voices in the CIS. He has recently heard them on his own doorstep in Moscow. But Russia, as heir apparent to most of the central structures and foreign policy of the former Soviet Union, has an inherent interest in sustaining the Commonwealth. The Minsk meetings are essential for maintaining some form of collective command system but they are also a centrifuge – without momentum, the components separate.

This means that little can be expected from the Commonwealth and that everything depends on the political forces which succeed in articulating national concerns.

A FURTHER dilution of the economic reform programme was signalled yesterday by Mr Boris Yeltsin, writes John Lloyd. He told parliament: "It's clear we need a range of measures, which cannot be delayed, to stimulate our economic programme."

Government ministers, including the two deputy prime ministers, Mr Yegor Gaidar and Mr Alexander Shokhin, have both prepared the ground for shifts in policy – saying that social protection would have to be increased because of a higher than expected rise in prices.

Ministers believe the changes so far decreed – by a cut in the 28 per cent rate of VAT to nil on canteen meals and to 15 per cent on a range of food and other products, coupled with profits limits – are regrettable but will not fundamentally affect their ability to cut the vast budget deficit.

However, any further decisions to increase wages and state benefits, coupled with further reductions of taxes, would, they believe, break the budget and destroy reform.

At the centre is Russia. Mr Yeltsin has promised that Russia has ceased to be imperial in its thinking; but he is hard pressed by politicians with a different aim.

Last weekend, two kinds of opposition forces held gatherings in Moscow. The first were the reconstituted Communists, demanding the end of a government which had brought ruin to the people. They attracted large numbers but are hampered by their ideology: the leaders are nostalgic for Soviet communism, yet marching with them were various Russian nationalists waving the old imperial standard and the St Andrew's Cross. There is little doubt that it is the nation, not the Union or communism, to which most people now look.

More coherent was a two-day conference of "patriotic" organisations, led by the small Christian Democrat and Constitutional Democrat (Cadet) parties. Delegates met to express their frustration with the disintegration of the Russian Federation into ethnic and territorial entities claiming independence, and to point to the isolation of the Russians in other republics.

Though he was not invited, Mr Dmitri Vasiliev emerged as a dominating personality. He is leader of Pamyat (Memory), an overtly racist organisation which claims to be the leader of the patriotic movement by its early articulation of the theme of a Russia threatened by cosmopolitan culture and capital – dominated of course by international Jewry.

Other speakers inveighed against those radicals who have proposed that Russia must allow its separate national groupings a national statehood within the federation – as Mr Yeltsin once did, in his period of opposition to Mr Mikhail Gorbachev.

Vnesheconombank to be split into three

THE TOP executives of the bankrupt Soviet Vnesheconombank (Bank for Foreign Economic Affairs) have been suspended and replaced by Mr Yuri Ponomaryev, former vice-president of the Paris-based, Soviet-owned Eurobank and former head of the monetary department of the Soviet State Bank, writes John Lloyd.

Mr Ponomaryev's main task wll be to divide the bank into three parts: one to merge with the Vneshtorgbank, or Russian trade bank; the second to launch itself as an independent commercial bank; the third to strive to continue acting as a conduit for the repayment of Soviet debt.

No principal on the debt – estimated at $70bn-$80bn – is being paid, by agreement with creditors, and interest payments have slipped in recent weeks for "technical" reasons. Vnesheconombank has refused to issue cash to its customers and appears to have used hard currency deposits of its Soviet customers to pay off debt. Its inability to guarantee deposits has helped stimulate a massive flight of capital to foreign bank accounts.

Commission fends off attacks on spending plans

By **David Buchan** in Brussels and **Alice Rawsthorn** in Paris

THE European Commission yesterday defended its proposal to increase EC spending by a third by 1997 as "balanced and coherent", and suggested a special summit in April to approve the plan, if the British election was over by then.

These confident claims from the Commission contrasted with the reaction from most member states, particularly the biggest actual or potential net contributors to the EC budget.

German diplomats in Brussels noted that Bonn's finances were now under greater pressure than in 1988 when it agreed to shoulder the lion's share of the current EC five-year financing plan.

Britain and France, the other two net contributors, would see their contributions rise – by around Ecu1bn (£710m) for Britain, say UK officials. Italy, hitherto a net beneficiary from the EC, is set for "a bitter awakening", according to Mr Carlo Ripa di Meana, one of Italy's EC commissioners.

Mr John Major, the UK prime minister, yesterday added to criticism of the proposed increases, saying there was already scope for raising further money under existing arrangements.

The prime minister told parliament: "There is already scope for significantly increased expenditure within the existing 'own resources' ceiling."

The fate of the Commission plan to increase spending from Ecu66.6bn to Ecu87.5bn over the next five years will become clearer when EC foreign ministers discuss it on March 2. Mr Jacques Delors, the Commission president, wants the Portuguese presidency of the EC to call a special "budget" summit in April.

Lisbon has baulked at this, reckoning so early a summit would fail. Commission officials do not privately contest this prediction, but say EC leaders need a first stab at the problem to achieve final success at the Lisbon summit in June.

In place of the periodic rows over how much to give the Community, Mr Pierre Bérégovoy, France's finance minister, yesterday suggested an EC tax, whose receipts would go automatically to Brussels. But no state backed this idea when the Commission raised it last year.

Current EC spending is skewed towards agriculture, while revenue is drawn disproportionately from countries where consumption is high in relation to wealth. Britain, with a relatively small farm sector but high consumption (as measured by its value added tax base), is doubly hit.

Its net contribution would be Ecu5bn this year (more than half Germany's) were it not for its rebate, negotiated in 1984 and reconfirmed in 1988. This rebate, which returns to London two-thirds of the difference between most of the UK's EC payments and receipts, brings the UK net contribution down to Ecu3bn in 1992.

Zealous premier charts a fresh course for Sweden

Bildt: trying to restore Sweden's lost dynamism

David Marsh and Robert Taylor interview the Swedish prime minister

MR Carl Bildt, the Conservative Swedish prime minister, is a 42-year-old intellectual who combines the looks of a technocratic college boy with the zeal of a revolutionary.

The "Swedish model" forged through 60 years of Social Democrat-dominated social welfare and state corporatism is dead. Mr Bildt, in office since October, is presiding over a free-market programme of economic and social reform designed to restore the country's lost dynamism.

He is trying to break the mould in foreign policy too. On his way to the US for an official visit next week, he observes drily that Americans have grown used to Swedish government leaders "aligning themselves with revolutionary tendencies in the third world".

But Mr Bildt wants to end Sweden's semi-isolation from the rest of Europe and even talks of his country becoming an "active player" in collective European security.

During an interview this week, Mr Bildt did not hide the size of the challenges. Weathering its second successive year of economic contraction, Sweden is undergoing its worst recession since the 1920s. Traditionally-low Swedish unemployment is set to rise sharply this year from 3 to 5 per cent.

He insists there can be no turning back on his ambitious plans for cutting taxes, privatising state industry and restoring incentives for wealth creation. After two decades in the economic doldrums, his objective is to put Sweden on track for a 3 per cent-plus growth rate from the mid-1990s onwards.

Mr Bildt likes to quote a phrase made famous in Britain during the rule of Mrs Margaret Thatcher – a politician he admires far less than German Chancellor Helmut Kohl. "There is no alternative," he expounds. "Look at the other possible ways. Subsidising industry – no-one thinks it works. We tried devaluation – that was wrong. The Social Democrats now are proposing more taxes and more spending. They don't seriously believe in it themselves."

Heading a four-party government without a parliamentary majority, Mr Bildt has surprised even his friends by his skill in easing coalition strains and giving his administration a sense of purpose. He has so far lived up to his election promises to promote budgetary austerity. And he plans to confront the power of Sweden's huge public service sector with radical plans to curb spending and improve efficiency.

Most striking of all, he is on a collision course with Volvo, Sweden's largest company, over its plan to take over Procordia, the diversified conglomerate jointly owned by the state and the Gothenburg-based car maker.

Sweden's industrialists have welcomed Mr Bildt. But by rejecting Volvo's bid for a company which is high on the government's list of privatisation candidates, Mr Bildt has sent a signal to the boardrooms that the old style of doing business is no longer acceptable.

Chastising Mr Pehr Gyllenhammar, the Volvo chairman, for trying to push the deal through without full consultation, Mr Bildt remarks: "We do things somewhat differently under this government."

Mr Bildt's missionary enthusiasm extends to the goal of European integration. He envisages Sweden eventually leading a "Nordic revival" – both by entering the European Community and strengthening ties to the emerging democracies of the east, particularly the Baltic states and the St Petersburg region of Russia.

Sweden's change of heart on Europe was signalled by the previous Social Democrat administration, which applied to join last July. Mr Bildt has kept up the momentum to make Sweden a full member by January 1 1995. This involves a painful period of adjustment – and the tightest of timetables. Constitutional requirements mean that the country needs an agreement on accession by December 1993, nine months before the next general election. Otherwise, the earliest date for EC membership would be delayed until 1998.

The government wants early membership of the European Monetary System – perhaps as soon as the end of 1993.

Mr Bildt brushes aside the suggestion that Swedish voters will see his pro-Europe policies as the basic cause of rising unemployment – an outcome which could cause rejection of EC membership in the referendum planned for 1994. "I don't see the risk they will blame Europe. They will blame the government," he declares. Staying true to his European convictions, he adds: "And that will be a relief."

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WORLD TRADE NEWS

Honda criticises US over ruling on Canada plant

By **Bernard Simon** in Toronto

HONDA, the Japanese car maker, has angrily protested against a US government ruling that cars assembled at its Ontario plant fail to comply with the duty-free threshold of the US-Canada free trade agreement (FTA).

A Honda Canada official said yesterday the plant was currently operating at full capacity and would not be affected by the ruling for the moment. The decision could result in a 2.5 per cent duty being imposed on Honda Civics shipped to the US, which accounts for about three-quarters of its annual output of 100,000 vehicles.

The dispute, involving the application of the FTA's complex rules of origin to the Civic, is becoming one of the most vehement trade rows between Washington and Ottawa in recent years.

Besides concern that the ruling could discourage future Japanese automotive investment in Canada, it is also likely to increase public pressure on the government to reconsider its participation in the current round of talks with Mexico on a North American free trade area (Nafta).

A Canadian official indicated yesterday that the Honda dispute had emphasised the need for tighter and clearer rules of origin in the Nafta pact. Canada is likely to refer the Honda ruling to a bilateral dispute settlement panel.

Honda's US subsidiary concludes in a letter sent to US Customs Commissioner, Mrs Carol Hallett, earlier this week that it "is only the first of many Canadian manufacturers who will face irrational and absurd interpretations of the FTA by Customs, essentially nullifying much of the benefits of that treaty for Canada".

The FTA allows cars built in Canada to be imported duty-free to the US provided they have a minimum North American content of 50 per cent. The dispute centres on what constitutes local content. While Canada issued rules-of-origin guidelines to the automotive industry in 1988, the US only produced guidelines last month. According to Honda, most of the US guidelines "take the opposite position from those adopted by Canada, although both are interpreting the same FTA language".

For instance, the Customs Service has disallowed spending on worker health and safety as well as environmental protection on the grounds that they are not "directly incurred" in producing cars.

Heavyweights of power slug it out

Winning is everything for three giants in generating equipment, writes **Andrew Baxter**

A NEW power struggle is developing in a business where the global battle for contracts has never been one for the faint-hearted, and where victory is always a heavy blow for the losers.

Europe's big three suppliers of power generating equipment – GEC Alsthom, Siemens and Asea Brown Boveri – are slugging it out, with the help of powerful allies, for leadership of the world market for combined-cycle gas turbine power stations, the fastest-growing sector of the thermal power generation market.

Widespread availability of natural gas, environmental pressures, and the need for greater efficiency and shorter lead-times have turned combined-cycle generation into the preferred system of power supply for many utilities in the 1990s.

Spurred indirectly by heavy spending on aerospace gas turbines, the combined-cycle process uses the waste gases from a heavy-duty gas turbine to power a secondary steam turbine, raising thermal efficiency well above 50 per cent.

For the first time, therefore, large power stations are producing more power than they lose – the best coal-fired plants typically have a thermal efficiency of about 40 per cent.

All three companies are spending heavily to remain competitive in a market with big growth potential. Mr Klaus Riedle, head of Siemens' KWU power generation business, says worldwide orders for combined cycle could reach 250 gigawatts this decade – around four times the power output of the electricity companies in England and Wales.

So far this year there has been a spate of combined-cycle orders for power stations from North Wales to Jakarta, and most of the laurels have gone to GEC Alsthom.

Last week, the Anglo-French group announced it had been chosen as main contractor for PowerGen's 1,360MW station at Connah's Quay in North Wales. That followed closely on another big UK order in east London, and a contract for a 1,700MW station in the north of the Netherlands, one of the largest outside Japan. The fourth big order this year, for a 1,170MW combined cycle oil/gas fired plant near Jakarta, went to ABB.

Executives of GEC Alsthom and their 90 per cent-owned European Gas Turbines (EGT) unit are cock-a-hoop about their run of victories, claiming they are establishing a clear lead with the help of the world's largest turbine, a 212-226MW machine developed jointly with General Electric of the US.

Mr Kelvin Bray, EGT's chairman and chief executive, believes the company has a technology lead of some two years over its rivals, and says the GE-GEC Alsthom 9F turbine is the most efficient in the world with a 54 per cent rating.

Rivals agree that the odd 1 per cent of thermal efficiency could make a difference in markets where orders are decided on technology rather than availability of finance, but neither Siemens and ABB are willing to accept GEC Alsthom has established a lead.

At Siemens, Mr Riedle shrugs off the loss of the Connah's Quay order as "merely technical." The German company had snapped up two large contracts from PowerGen over the past two years, but all utilities, he says, like to spread their orders.

Mr Göran Lundberg, head of ABB's power plants business, says the Swiss-Swedish group is at the same level as GEC Alsthom in thermal efficiency. "We will be up to 55 per cent in a while," he says. "We remain rather confident."

The arguments over efficiency might yet turn into a sterile propaganda war with few returns for any of the three players. None of them, after all, expect it to be easy to push efficiency much beyond 55 per cent. Even so, utilities which are particularly responsive to technology arguments could still be persuaded by a small thermal efficiency advantage, says Mr Riedle.

The three European rivals cannot, perhaps, be blamed for trying to establish technology leadership when there is little to chose between them otherwise. "I don't think anybody's going to be dominant," says Mr Robert McCoy of McCoy Power Reports in the US. "Their technologies are fairly close, and nobody has leapfrogged."

All three, too, have plenty of experience in turnkey contracting, which is becoming increasingly important for customers who no longer want the responsibility and financial risk of such a role. And they all have links, to a greater or lesser extent, with aerospace turbine research, which some believe gives them an advantage over the other big world player, the Mitsubishi/Westinghouse partnership. If the forecasts prove correct, there will be plenty of opportunities for all four rivals to score some points over each other.

But GE and GEC Alsthom are emerging as the team that the others have to beat.

EUROPE'S BIG THREE SUPPLIERS
Major combined cycle orders since the beginning of 1991

Company	Site	Power rating (MW)
Siemens	Rye House, UK (Units 11-13)	450
	Belawan, Indonesia (Unit 2)	150
GEC Alsthom	Eems, Netherlands	1700
	Connah's Quay, UK	1360
	Didcot (UK)	1360
	Barking Reach (UK)	1000
Asea Brown Boveri	Tanjung Priok, Indonesia	1170
	Deeside, UK	500
	Orlando, US	120
	Chania, Greece	120

Chinese progress on Gatt

By **Frances Williams** in Geneva

CHINA's longstanding application to rejoin the General Agreement on Tariffs and Trade (Gatt) appears to be making headway after more than two years of delay - a development that may be linked to a possible go-ahead for Taiwan's application.

At yesterday's opening session of a two-day meeting of the working party considering China's application, both the US and the EC welcomed the progress made in reforming the country's state-dominated economy, while arguing that China still had a long way to go before its trade regime complied with Gatt rules.

China has recently pushed hard to reactivate negotiations on its 1986 request to rejoin. Talks have been stalled since 1989 and Beijing's crackdown on the pro-democracy movement and signs of a slowdown in economic reforms. A founding member, China left Gatt in 1950 after the Communist takeover; Taiwan was obliged to leave when China replaced it in the UN in 1971.

Next month Gatt's governing council could well approve the establishment of a working party to consider Taiwan's membership application.

Ottawa tries to help hard-pressed retailers

By **Bernard Simon**

THE CANADIAN government is extending a helping hand to hard-pressed retailers by eliminating import duties on two dozen key consumer items and imposing measures to discourage Canadians from shopping in the US.

Canadian retailers have singled out cross-border shopping as an important factor in their difficulties, manifested in the recent collapse of several well-known clothing chains.

Thousands of Canadians clog border crossings each weekend to take advantage of lower prices and wider variety in US shopping malls. Canadian households are also bombarded with catalogues from low-cost US mail-order companies, many of which accept telephone orders 24 hours a day. In an attempt to improve the price competitiveness of Canadian stores, the revenue minister, Mr Otto Jelinek, said that duties of up to 12.6 per cent will be removed immediately from a number of consumer durables, including microwave ovens and video recorders.

Duties on these items, none of which is produced locally, total about C$60m (£28.7m) a year. As a disincentive to mail-order, the government is halving, to C$20, the duty-free ceiling on packages from the US. Canada Post will also in future collect a C$5 "handling fee" on every dutiable parcel.

The measures come amid indications that the cross-border phenomenon may have passed its peak with the weakening of the Canadian dollar.

NEWS IN BRIEF

Genscher warns Japan on Uruguay Round

MR Hans-Dietrich Genscher (right), the German foreign minister, warned during talks in Japan yesterday that the two countries have a special responsibility to ensure the success of the Uruguay Round of multilateral trade negotiations, writes **Robert Thomson** in Tokyo.

In an apparent hint to Japanese leaders that they should open the rice market, Mr Genscher said that Japan and Germany have a competitive edge in industrial exports, but that international markets for those products would be threatened by protectionism if the Uruguay Round collapses over the agriculture issue. Tokyo indicated this week that it may not put rice on a list of food items and suggested tariffs due to be submitted by March 1 under a proposal to replace existing trade barriers with a tariff regime. Mr Genscher, ending a three-day visit, said the Uruguay Round "must not be permitted to fail".

Thais shelve AMX fighter deal

THE Royal Thai Air Force has shelved plans to buy 38 Italian-Brazilian AMX fighter aircraft in a package worth about $750m (£414m) including training, support and maintenance, in the face of the Thai government's unwillingness to fund the purchase, writes **Victor Mallet** in Bangkok.

"There is no money to buy the fleet," General Pow Sarasin, deputy prime minister, said after the air force withdrew a request for government financing of the deal over 10 years. Thailand would have been the first foreign buyer of the jet, which is manufactured by Alenia of Italy and Embraer of Brazil.

Toll proposal for Malacca strait

President Suharto of Indonesia yesterday suggested the collection of tolls from ships passing through the Malacca strait to raise emergency funds against pollution of the passage, Mr Emil Salim, the minister for environment said, AP-DJ reports from Jakarta. Mr Salim said the president wanted Indonesia, Malaysia and Singapore to discuss and jointly draw an emergency plan to protect the Malacca strait from pollution caused by stranded ships. Mr Salim said a similar system has been used in the Strait of Gibraltar and in the Suez Canal.

Iveco and Tatra in joint venture

Iveco, the truck and industrial vehicle subsidiary of Fiat, yesterday signed a letter of intent to form a joint venture with Tatra, the Czech automotive producer, in a further expansion of the group's interests in eastern Europe, writes **Robert Graham** in Rome. Tatra is Czechoslovakia's leading producer of heavy vehicles with production of 10,000 units year, of which 60 per cent are exported to former east bloc countries. Iveco is also expected to supply components and back-up for existing Tatra models.

Goldstar loses dumping appeal

The European Court of Justice yesterday dismissed an appeal from Goldstar of South Korea against anti-dumping duties levied in 1990 on imports of its compact disc players into the EC, AP reports from Luxembourg. In the appeal, Goldstar claimed the 26.1 per cent duty was wrongly calculated. But the court upheld the calculations of the EC Commission.

Kenyan banking authorities caught by the political fall-out

Julian Ozanne reports on a complex rescue operation designed to reassure a sector hit by bad debts and questionable business ventures

KENYA'S political reforms, coupled with western donor demands for better economic management, have exposed the fact that at least two of the country's banks have serious liquidity problems.

Evidence of the difficulties, stemming from a long history of bad lending and an insecure deposit base, emerged this week, when the Kenyan Central Bank began an operation to rescue the two worst affected local banks.

It amounts to a complex restructuring of the liabilities of Trade Bank and Pan African Bank, both registered in Kenya. A Central Bank document sent to the Financial Times said the banks had been experiencing a "liquidity crisis" following a "loss of public confidence".

In a press statement on Wednesday, the Central Bank reassured the market, saying that any problems in the banking sector "will be eliminated without causing instability to the industry or loss to depositors". It added that sufficient measures were in place to ensure that "no bank should suffer on account of liquidity shortfall".

The Bank's intervention follows the fall from power last November of Mr Nicholas Biwott, the disgraced ex-minister and former confidant of President Daniel arap Moi. Mr Biwott's liabilities were estimated by bankers last week at Ksh1.2bn-Ksh1.4bn ($41m-$48m). Trade Bank and Pan African Bank, the fifth largest in Kenya, are among the main creditors.

Unease in the business community deepened following the departure from Kenya in the same month of Mr Ketan Somaia, a Kenyan Asian tycoon with large banking and commercial interests in Kenya. Mr Somaia made a brief visit to Nairobi last weekend.

The development highlights a weakness in the Kenyan banking system. Some of the indigenously owned banks were created in the 1980s with the backing of politicians. Several of these banks obtained much of their funds through large deposits from state owned companies, acting under directions from the political élite.

The deposits would then be lent on to politicians, government officials, or business surrogates, often without adequate security, and used to develop their commercial interests. Many of these banks also have a large portfolio of non-performing loans. The accounts of state owned companies are now coming under scrutiny as western donors urge faster implementation of the privatisation programme.

At least four banks, apart from Trade Bank and Pan African Bank, are struggling to deal with the combined pressures of large outstanding loans, many of them non-performing.

In an interview with the Financial Times earlier this week, Professor George Saitoti, vice-president and minister of finance, acknowledged that "there have been major withdrawals of money from the small banks in the last two months. The era of multi-party politics has brought insecurity and there was a kind of a panic."

In the Central Bank document outlining the rescue package, Trade Bank and Pan African Bank were described as having "experienced a liquidity crisis".

Among the reasons cited were loss of deposits following bad publicity surrounding Mr Biwott's HZ Group, described as Trade Bank's main client, and large non-performing loans both banks provided to Mr Biwott's group of companies.

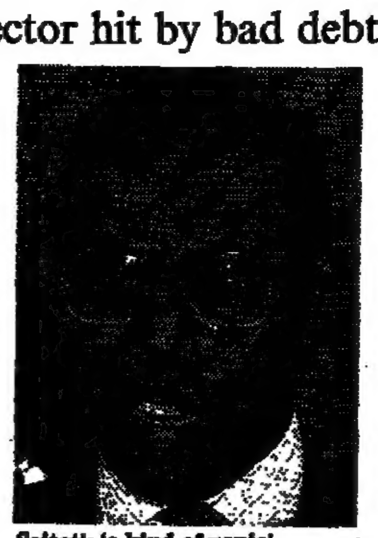
In the document, the official stressed that "the resources of the Deposit Protection Fund now amount to more than Ksh1.5bn and are adequate to meet any liquidity crisis".

Trade Bank, which was 75 per cent owned by Mr Biwott and his business associate Mr Gad Zeevi until 1989, is owed Ksh450m by Mr Biwott's HZ Group, according to the document.

It says the bank was undercapitalised and suffering from diversion of funds worth Ksh200m to construct Trade Bank Centre, a business block in Nairobi, and Ksh300m to finance an associated company. A Trade Bank executive said the correct amounts were Ksh170m and Ksh108m respectively.

Pan African Bank forged close ties with Mr Biwott during his nine-year stint as energy minister and handles the banking business for the Kenya National Oil Company, the state owned oil importer. It is owed Ksh250-Ksh300m, secured against Mr Biwott's Yaya Centre – a Nairobi commercial complex.

The Central Bank document said Pan African had suffered an erosion of confidence after the death last December of its executive chairman. The bank was also struggling to cope with the diversion of depositors' funds to construct the Meridien Hotel, which Pan African owns. The total cost of the project is



Saitoti: 'a kind of panic'

Ksh1.27bn, as is due for completion in June. Other insider loans, though secured, are said to exceed permitted limits.

An official at Pan African said last week that borrowings from the Central Bank were "in the course of normal business for a bank which finances the country's oil imports". Loans to Mr Biwott were performing and well secured, he said.

In a bid to stabilise the market, the Central Bank has intervened. According to Prof Saitoti, a deal was signed on Monday which would enable Mr Biwott to pay off some of his heavy debts to the banks.

Prof Saitoti said a consortium of banks led by the Kenya Commercial Bank, a majority state-owned company, would lend the Deposit Protection Fund Ksh600m, which in turn would lend Trade Bank Ksh600m to buy Yaya Centre. The loan will be for one year.

Of the Ksh600m, Ksh200m-300m will be paid to Pan African Bank and Ksh300m-400m to Trade Bank.

This deal, combined with the Central Bank waiving penalties on the banks' overdrafts, will provide substantial relief to the two banks affected, said Prof Saitoti.

He said Trade Bank had agreed to sell Diners Club, an associate company, to inject Ksh150m of new capital into the bank by February 29 and was closing a Ksh200m sale of its Trade Bank Centre. Trade Bank puts the sale price of the building at Ksh270m.

A Trade Bank executive said of the restructuring exercise: "The Trade Bank since 1989 has been professionally managed and we have taken dynamic measures to deal with the situation we inherited. We have now corrected the HZ debt problem by the assignment of Yaya Centre to Trade Bank thus eliminating any loans to any of Mr Biwott's companies from Trade Bank."

Trade Bank "now have a very small proportion of parastatal deposits," he said: "We have restored confidence in the bank and its management."

The Central Bank has confirmed that Pan African bank is trying to sell assets including Pan African Building Society, Corporate Insurance and the Meridien project. The bank document disclosed that the government had appointed a manager "to assume control of the affairs of the bank until such a time that irregularities have been eliminated".

However several senior Nairobi bankers say the package arranged by the Central Bank will still leave significant sums owed by Mr Biwott to be collected or written off.

Yet to be tackled is a possible link between state owned companies and some of the smaller banks. As an editorial in Nairobi's Daily Nation this week put it: "Why are some institutions enjoying unlimited access to deposits from the National Social Security Fund ... while most of the rest are not?"

Gap between US and Israel grows on loan guarantees

By Hugh Carnegy in Jerusalem

A WIDE gap has opened between Israel and the US over Washington's terms for granting $10bn in loan guarantees to fund immigration absorption. This has deflated government optimism that it could win the assistance without compromising its commitment to expand Jewish settlements in the occupied West Bank and Gaza Strip.

Tough positions taken by Washington on the issue in recent days have led officials in Mr Yitzhak Shamir's government to suspect that the US is deliberately holding back to undermine the ruling Likud party in the approach to the June 23 general election.

The Likud badly wants to secure the loan guarantees to help it cope with the severe economic strains caused by mass Jewish immigration from the former Soviet Union. They are the key to securing more than $20bn in foreign borrowing over the next five years needed to cover the costs of immigration.

Winning the guarantees would blunt damaging opposition attacks on the government's handling of the economy. But Mr Shamir is extremely reluctant to back down on the Likud's refusal to freeze settlement building as the US is demanding.

The US is prepared to accept the completion of houses already under construction in the settlements. But in the last week it has dropped to 6,000 from 9,000 the number it believes to be under construction, less than half the number Israel has claimed.

It intends in addition to deduct a sum from the loan guarantees equivalent to sums spent by Israel on the settlements and has also signalled that it will include in a freeze Jewish construction in Arab East Jerusalem which Israel treats as part of Israel proper.

These conditions have forced Mr Shamir to restate publicly his rejection of a freeze, but it is clear he still wants to do a deal.

Israel's police minister, Mr Ronni Milo, said yesterday a police investigation had cleared interrogators of wrongdoing in the case of a Palestinian detainee whose death in custody last week was said by a US pathologist to have been brought on by maltreatment in jail. Mr Mustafa Abdullah Awaki died of a heart attack, but Dr Michael Baden, a New York police pathologist who attended the autopsy, said his death was triggered by beatings, sleep deprivation, being held hooded and shackled for long spells in freezing temperatures and inadequate medical attention.

On guard: Indian soldiers in Srinagar, capital of the disputed territory of Kashmir

Militants in Kashmir are thwarted on both sides

By K K Sharma in New Delhi and Reuter

INDIAN police yesterday used teargas in Srinagar, summer capital of the Indian state of Jammu and Kashmir, to disperse several thousand Kashmiri militants. The militants were defying a curfew to support a pro-independence march from the Pakistani side of the disputed Himalayan kingdom.

Earlier this week Pakistani troops had thwarted volunteers of the Jammu and Kashmir Liberation Front (JKLF) from crossing from the Pakistan-ruled part of Kashmir into the region controlled by India.

Police in India said some 4,000 demonstrators stoned security forces trying to enforce the indefinite curfew, imposed on Monday before the march started.

In Muzaffarabad, Pakistan, Mr Amanullah Khan, the JKLF leader, said he had called off the march to avoid further loss of life. At least three people were killed in police shooting on Wednesday amid pitched battles between militants and Pakistani security forces.

Pakistan banned the march because it feared an incursion along the United Nations-monitored ceasefire line could lead to another conflict with India, which ordered troops guarding the line to let no one across and mined likely crossing points.

The line which the militants attempted to cross is known officially as the "line of actual control", drawn at positions held at the end of the 1971 India-Pakistan war over Bangladesh.The two armies still face each other across the line.

The demarcation line was set by the Simla agreement of 1972, which laid down the process of normalisation of relations between the two countries. The accord stipulated a step-by-step approach with Kashmir as the last issue to be settled.

However, the two countries have failed to take steps to encourage confidence-building measures despite repeated bilateral meetings. India refuses to take part in substantial discussions on Kashmir, accusing Pakistan of trying to internationalise the dispute.

New Delhi regards the area east of the "line of actual control" as an integral part of India whose accession to the union is not up for discussion. But the current tension bears testimony to the fact that three years of effort by New Delhi has failed to wean the population from supporting the militants.

If anything, the liberation movement has gained strength in the valley, the heart of Kashmir, whose population is kept under control by armed troops. Pakistan strongly supports the "freedom fighters" but denies charges it is directly arming and training them.

Japan's carmakers take a long look at South Africa

Roy Garner asks whether Nissan and Toyota may be poised for a rapid expansion in the region

AS barriers to South African trade fall, Japanese carmakers with factories in the country are expecting to expand sales to neighbouring states.

Nissan, for example, shipped 500 cars to other African countries last year, but will more than double exports this year, according to Japan's Nikkan Kogyo Shimbun newspaper.From April it hopes to send 1,000-2,000 vehicles to neighbouring countries, including Botswana and Mozambique.

Japanese business leaders agree that for many companies the Japanese government's resumption this January of full diplomatic relations with South Africa, stalled at consular level since 1952, marked the biggest incentive yet towards new large-scale investment in South Africa.

They are optimistic that such developments could be further facilitated if President F W de Klerk visits Japan this year, something Japanese foreign ministry officials say is now under consideration.

So far, however, South Africa has not been the most attractive manufacturing base for the Japanese. As in the case of so many other foreign companies, the factories of such industry leaders as Toyota and Nissan are 100 per cent locally owned, and neither these nor the other three Japanese carmakers represented – Mazda, Honda and Mitsubishi – have direct capital participation.

South African manufacturing still largely involves models considered obsolete in Japan and elsewhere, while export opportunities are also threatened by rising labour costs and local-content requirements. This would make it difficult for Japanese companies to contemplate the radical injection of investment and technology essential to make the country a player on world markets.

Some analysts even question the future viability of the South African industry if it fails to substitute its emphasis on self-sufficiency with the longer-term aim of international competitive parity.

Toyota said in Tokyo that the company had no specific plans for new investment. "There can be no rush into South Africa," it said.

Local-content requirements (75 per cent of value by 1997) and tariffs to stem capital outflow have produced local, but not international, technological competitiveness in South Africa.

"If we truly look at the future of South Africa, then we must think in terms of the world market," he said, "and therefore advanced technology is inherently required."

This was best introduced with new models. In Japan, model changes with technical upgrades were made every four years, but this was not feasible in South Africa because it took two or three years to make arrangements to meet local-content requirements.

For example, the Toyota "Cressida" had been produced unchanged in South Africa for eight years, during which time two new models had been introduced in Japan. Thus, he said, even technologies being deployed now in South Africa could already be out of date in Japan.

> Escalating labour costs, strikes and technological backwardness have to be offset against the new political climate in the country

Escalating labour costs were also of concern. The average annual increase in wages is 17 per cent now, but there are fears that wage demands will grow with the changing political climate. Some expect more frequent strikes, too. Both would jeopardise competitiveness, even within African markets.

This trend would imply the need for increased automation, but for a variety of reasons such technological upgrades might be hard to effect. This vicious circle, he argued, might then imperil South Africa's brightest immediate hope, that of becoming the supply base for southern Africa.

Nevertheless, there remains among the Japanese a strong perception of South Africa as a regional production base and a general optimism for the potential of the domestic market. This, says the National Association of Motor Manufacturers, could grow from 3.5m passenger cars now in use to 4.5m by the year 2000.

Japanese manufacturers already have about 50 per cent of the market. Nissan figures show Toyota as the market leader in passenger cars, with 28.1 per cent, against Nissan's 7.4 per cent. In commercial vehicles, the top three are Toyota (34.1 per cent), Nissan (22.4 per cent) and Delta (14.3 per cent).

For the rest of Africa, reliable sales figures are unavailable, but Toyota suggests that Japanese makers account for around 60 per cent of total vehicle sales, excluding government aid-related shipments.

At Nissan South Africa near Pretoria, where 6,500 staff turn out 252 vehicles a day, shop-floor manager Bill Middleton says he is convinced that increased production efficiency, which he attributes mainly to Nissan's *genba kanri* (shop-floor management), has left the company well-placed to compete in other African countries.

"Numerous inquiries" were being received from dealers currently importing cars from Japan, including those in Malawi and Mozambique. They were, he said, hoping to import South Africa's more durable models.

Each of the Japanese models they produce is subject to a 2-to-4 year "Africa conversion" process, during which the vehicles are equipped for what are considered among the world's most severe performance tolerances.

Nissan board member Hideo Nagafuchi said in Tokyo that, while his company also had no plans for direct investment, it was encouraged by recent political openings and was strengthening its technology transfers to the factory near Pretoria.

This, he said, was done just as it would have been at other plants of comparable size, regardless of ownership and location. More staff from the factory were visiting Japan for training – now about three or four a month – and at least 10 Japanese advisers were based in South Africa.

Mr Nagafuchi declared that Nissan, with its 28-year involvement in South Africa, believed that the country would grow in importance.

"If from now on, through *real* industrialisation, South Africa can be raised to world levels of manufacture, it could become the market pivot for Africa."

Unemployment rate falls to 10.3% in Australia

By Emilia Tagaza in Canberra

AUSTRALIA'S unemployment rate dropped in January to 10.3 per cent from a record 10.6 per cent in December, and the ruling Labor government yesterday suggested that the recession may have bottomed-out.

The official Statistics Bureau reported that the number of unemployed fell to 886,100 in January from 910,300 in December. Full-time employment rose by almost 47,000 in January, the second consecutive month it has increased.

Mr Kim Beazley, the employment minister, said the figures were supported by leading indicators suggesting steady employment levels. "These probably indicate that the recession has bottomed-out."

However, Mr Beazley warned of some factors that might substantially change the trend in the coming months. He said the shift in strong retail sales from pre-Christmas to the January stocktaking season may not have been picked-up by the seasonal adjustment procedures used by the Statistics Bureau. There were also the thousands of school-leavers in December who were expected to enter the labour market.

Mr Paul Keating, the prime minister, is committed to defend the gains achieved so far through fiscal expansion, and the top priority in his economic statement set for February 26 will be employment-creating growth.

Zambia's new president in debt relief plea

PRESIDENT Frederick Chiluba of Zambia yesterday appealed for external debt relief, warning that without help the country risked "social strife and fratricidal feuds," Our Foreign Staff writes.

President Chiluba, who won office last October in Zambia's first multi-party elections for 22 years, was speaking to the Royal Commonwealth Society in London during a visit to Britain. He is to meet Mr John Major, prime minister, today.

"Unless the international community helps our cash flow while we exert ourselves to the utmost ... a young democracy risks decomposing into social strife and fratricidal feuds," Mr Chiluba said.

"While we await ... enhanced local activity and an inflow of foreign investment, we need immediate debt relief ... help from the international community is urgently needed." Zambia's external debt is about $8bn, he said.

Banks seek support for Algerian debt refinancing

A European Community loan guarantee is at risk if there is no accord, writes Francis Ghilès

EIGHT international banks meet in Paris today to decide whether they have sufficient support from 130 or so of their peers to proceed with a $1.5bn loan intended to refinance Algeria's principal commercial bank debt between October 1 1991 and March 31 1993.

A total of $1.4bn out of $1.5bn was committed before the first round on December 26 of Algeria's now cancelled elections and still apparently is. But continuing reluctance of some lenders might delay the completion of the package. Failure to reach agreement would endanger the second and smaller disbursement of an Ecu400m ($510m) loan guarantee agreed by the European Community last autumn. The guarantee was provided on the understanding that commercial bank debt would be refinanced.

Under normal circumstances places could be taken by other private institutions, but some banks made their commitment conditional on the deal gaining support of all Algeria's commercial bank creditors. However, most key banks are determined to ensure final success of the package.

The immediate consequence of the agreement to launch the refinancing reached four months ago between the Algerian banks led by Credit Populaire d'Algerie and the eight "core group" of international banks led by Credit Lyonnais was to allow Algeria to defer about $350m worth of principal repayments which were owed to commercial banks in the last quarter of 1991.

But Algeria will need more than an agreement with its bankers if it is to succeed in reducing what has been for four years a crippling repayment burden. The ratio of debt service to exports was 74 per cent last year, 57 per cent of which was accounted for by repayments of principal.

Algeria can be likened to an oil company with a cash flow problem. The debt is not large if related to export earnings of just over $12bn last year and a projected $11.3bn in 1992, a figure due to rise as Algeria opens its existing wells to foreign oil companies and increases its exports of natural gas to European buyers such as Italy.

Rescheduling, which Algerian rulers are adamant they want to avoid, would not only entail a loss of good credit standing but would be strongly opposed by Japanese banks which are owed two-thirds of the country's bank debt. Japan has also extended a balance of payments loan to Algeria and supported co-financing with the World Bank. Altogether Japanese institutions probably hold nearly as much Algerian paper as French ones.

> Algeria will need more than an agreement with its bankers if it is to reduce what has been for the past four years a crippling repayment burden

The high debt service ratio is slowly but surely throttling private and state industry. It has forced a sharp cut in imports. Many factories are running at one-third of their capacity, laying off workers and running up huge debts with Algerian banks as they are increasingly starved of raw materials, semi-processed goods and spare parts.

Unemployment is nearly 50 per cent among the 16-24 age group, thus providing fertile ground for the Islamic Salvation Front.

Roughly $5bn of Algeria's $23.9bn foreign debt is owed to commercial banks, $3.5bn in the form of medium-terms loans, the balance made up of 12-month trade finance. Credits from international financial institutions account for $3.6bn, bond issues and lease financings for $1.3bn each, with the remaining $15.3bn made up of bilateral and supplier credits.

Nearly half this figure is accounted for by French government guaranteed credits which France has, to date, insisted it will not consider refinancing. This reluctance has proved a major obstacle to the policy of refinancing its debt doggedly pursued by the Algerian authorities.

Whereas Italy offered Algeria $2.7bn to refinance state guaranteed loans falling due between January 1991 and January 1993, France has been adamant that it will do no such thing.

Senior officials acknowledge that a lender can easily refinance bilateral military debt – hence France's agreement initialled with Iraq on the eve of the invasion of Kuwait to refinance an estimated FFr50bn ($9.14bn) worth of military credits guaranteed by the state credit guarantee organisation, Coface. Unfortunately Algeria's estimated FFr36bn debt with Coface is civilian and according to senior French Treasury officials not susceptible to such treatment.

Senior members of the Ministry of Finance in Paris have been unconvinced of the policy of refinancing, not least because they are fearful of creating a precedent while their Ministry of Foreign Affairs colleagues are mindful of extending a helping hand to a country that they feel is key to future French interests at a time when it desperately needs support.

France will have to decide whether it considers Algeria's financial stability to be one of its strategic interests, as the US did with Mexico during the latter's 1982 debt crisis.

A move to support Algeria taken in Paris would undoubtedly strike a positive response in other capitals, such as Brussels and Tokyo.

Mass protest planned today

ALGERIAN state radio yesterday reported a new attack on the country's security forces, and student protests continued at four universities as the authorities braced themselves for an unauthorised march by Moslem fundamentalists, AP-DJ reports from Algiers.

Supporters of the Islamic Salvation Front, which the government is seeking to ban, spread word that the protest march in Algiers would go ahead after today's weekly prayers despite a ban on demonstrations.

The military-backed ruling council imposed a 12-month state of emergency early this week and said it was initiating legal steps to ban the Salvation Front.

State radio said yesterday that a sailor in the Algerian navy and two assailants died in the latest clash of a wave of attacks on security forces. The authorities say that, since the emergency decree, at least ten members of the security forces had been killed.

AMERICAN NEWS

Bush sacks Nasa chief over policy

By George Graham in Washington

THE US National Aeronautics and Space Administration (Nasa) has been left leaderless after President George Bush fired the former astronaut who had headed it for the last three years.

Admiral Richard Truly commanded two space shuttle missions and then took over the reeling shuttle programme after the explosion of the Challenger rocket in 1986. He stepped into Nasa's top job in 1989.

He was asked to resign because of a widening rift with the Bush administration over the space agency's role and aims. Adm Truly has clashed repeatedly with the National Space Council, an advisory committee headed by the vice-president, Mr Dan Quayle, which has overruled Nasa decisions.

The sacking of Adm Truly will leave Nasa doubly bereft, in that the post of Nasa deputy administrator has been empty since Mr James Thompson resigned in November.

As a former astronaut, Adm Truly has been viewed as a staunch defender of manned space flight in general, and of the shuttle programme in particular, against those who wished to divert more of Nasa's money to scientific programmes launched by cheaper, throwaway rockets.

Nasa's budget is under increasing pressure. After years of double digit increases, Congress authorised only a 3.5 per cent increase last year to $14.3bn.

The administration has asked for a 4.7 per cent increase to $14.99bn this year.

Outside commissions have been critical of the agency's concentration on the shuttle – which costs more per launch than a lower technology rocket and cannot carry such large payloads. Mr Quayle's council has now decreed that Nasa will order no more shuttles after Endeavour, which is due to start flying this year as the fourth vessel in Nasa's space fleet.

Instead, Nasa has been ordered to develop a new generation of unmanned space launch vehicles.

However, Nasa and the Quayle council have teamed up to fight off outside criticism, notably on the $40bn Freedom space station project.

Widely derided by the US scientific community for draining funds from other more immediately useful scientific research, the space station has also been attacked by a commission headed by Mr Thomas Stafford, a former Apollo astronaut, which said it would be scarcely more advanced than Skylab, launched in 1973 at a fraction of the cost. Another commission headed by Mr Norman Augustine, chairman of Martin Marietta – one of the prime contractors for the shuttle and the space station – also recommended reducing the space station project and shifting funds to scientific projects.

Nasa claimed the Augustine report as an endorsement of the space station, however, because it did not recommend its outright cancellation and the Bush administration has continued to make the station its top space priority.

The station barely survived last year, when key Congressmen narrowly failed in an attempt to eliminate the programme's funding. This year, the administration budget requests a $2.24bn authorisation for the space station, a 13 per cent increase, but will once again face a hard fight to keep any funding at all.


Admiral Truly: had taken over the stricken shuttle programme after the 1986 Challenger disaster

US probe urged on breast implants

CONGRESSMAN Ted Weiss, chairman of the subcommittee that oversees the US Food & Drug Administration (FDA), is urging a criminal investigation into whether Dow Corning misled plastic surgeons and the government on the safety of its breast implant devices, writes Karen Zagor from New York.

This week Dow Corning, the biggest maker of silicone breast implants, published company memos and documents dating back to 1971 which included some reservations about their safety.

Mr Weiss also attacked the FDA over its decision to revoke the voting powers of a member of its advisory panel on silicone implants.

Mr Norman Anderson, associate professor of medicine and surgery at Johns Hopkins University medical, was stripped of his vote after he told Time magazine the implants should be removed from the market. Mr Anderson is credited with bringing safety problems with the implants to the FDA's attention.

Mr Weiss warned that the change might undermine the credibility of the advisory panel.

The FDA said Dr Anderson's voting powers were removed because he appeared to have already made up his mind about the devices.

The advisory panel will meet next week to consider new information about implants and decide whether they should remain on the market.

The FDA is not bound by the panel's recommendations, but usually abides by them.

Financing a green future in a planet without borders

Michael Prowse on a review of the World Bank and United Nations' Global Environment Facility

CONCERN about environmental threats seems to mount almost daily. But industrial and developing countries have so far made little progress in creating an institutional framework for tackling these shared problems. In Geneva, today, representatives from 24 countries will discuss the future of the Global Environment Facility (GEF) – a pilot project that could eventually form the foundation for effective global action.

The GEF was established in November 1990 for a three-year experimental period. It is jointly managed by the World Bank and the United Nations Development and Environment Programmes and, in principle, can commit up to SDR1bn ($1.3bn) in grants and technical assistance to help developing countries tackle environmental problems. It focuses on four areas: global warming; pollution of international waters; destruction of biological diversity through degradation of natural habitats; and depletion of the ozone layer.

GEF funding is reserved for countries with a per capita income of less than $4,000 a year. To qualify for funding projects must be deemed to benefit the global environment, not just the country in question. The aim, therefore, is to give developing countries a financial incentive to pay attention to externalities – costs that are borne by the world as a whole.

For example, the World Bank might provide a loan for a coal-fired power station. For an additional sum – say an extra 20 per cent - the energy could be provided by natural gas. But the country is not prepared to pay the extra for what is seen as a global benefit – lower carbon emissions. The GEF's role is to cover the difference between what the country will pay and the cost of a globally benign technology.

The GEF has $450m of projects under consideration. Projects already approved include investments to limit greenhouse emissions in China and to encourage biodiversity in Polish forests.

Most of the impetus behind the GEF has been supplied by European countries, particularly France and Germany where environmental movements are strong. But its strength today lies in the breadth of international support: 24 countries (nine from the developing world) have already pledged a total of $800m to its core fund. A further 11 have expressed interest in joining. Additional cash has been pledged through co-financing arrangements. The US, however, is conspicuous for failing to support the core fund.

In Geneva, participants will review ways of developing the GEF beyond the initial three-year pilot phase which expires in 1994. Three options have been proposed:

● Prolongation of the facility along existing lines with no increase in funding.

● Incremental development of functions with enhanced funding.

● Creation of a permanent, independent institution to manage global environment policies.

Most participating governments agree that a mere extension of present arrangements would not be a sufficient response to environmental challenges. Negotiations on international conventions governing climate change and biodiversity are well advanced.

There is near unanimity that the GEF would provide an ideal umbrella organisation for disbursing funds agreed under different conventions. It already serves as a conduit for the $200m provided by the Montreal Protocol on ozone-depleting emissions. A proliferation of funding mechanisms for different aspects of the environmental challenge is widely regarded as undesirable.

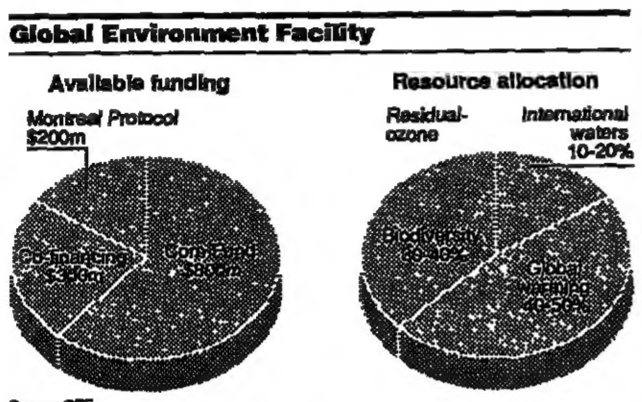
Participants are reluctant to talk about future funding levels for an expanded GEF. But some observers believe that funding levels could profitably be doubled or tripled once the pilot phase is completed. Much depends on the remit of an expanded GEF: whether it should intervene only to prevent national policies having adverse spill-over effects on other countries, or whether it should seek to influence the development of coherent domestic policies on the environment.

In practice, say experts, it is often difficult to draw a clear dividing line between policies that do, and policies that do not, have international ramifications.

The third option – the creation of a free-standing global agency – is widely regarded as premature and will receive scant attention in Geneva.

In the long run, the GEF – or a successor body – will not be able to operate effectively submerged within the bureaucracy of three separate agencies. Ironically, the environment is one of relatively few areas where global co-operation is genuinely unavoidable: there is only the one planet.

The case for a free standing agency capable of providing global leadership – an IMF of the environment – is thus quite strong.



Source: GEF

Developing countries will need as much as $125bn a year to introduce the measures likely to be approved at the United Nations Earth Summit in Rio de Janeiro in June, according to Mr Maurice Strong, secretary-general of the summit, writes David Lascelles. Some of this would come from existing aid programmes, but new money of $75bn a year would also be required.

Mr Strong said in London yesterday these figures assumed that all aid programmes would start at once, which was unlikely. The figures were likely to be confirmed by the World Bank's forthcoming World Development Report, he said, and could be achieved if industrial countries merely fulfilled their proclaimed aid targets.

World Bank names new treasurer

By Michael Prowse

MRS Jessica Einhorn, 44, was yesterday appointed treasurer of the World Bank in succession to Mr Donald Roth, who is leaving for the private sector.

As senior financial officer, Mrs Einhorn will be one of 16 vice-presidents, the top tier of management below the office of Mr Lewis Preston, the president. She is the first woman to achieve this rank through internal promotion.

The only previous woman vice-president was Dr Anne Krueger, who served as chief economist in the early 1980s. Mrs Einhorn joined the bank in 1981, having served in the US Treasury and State Department.

Peru receives IMF's praise

By Sally Bowen in Lima

MR Michel Camdessus, managing director of the International Monetary Fund, has praised the success of Peru's 18-month-old structural adjustment programme as "an example for many countries around the world". However, he warned that continuing international support for Peru's efforts would depend on substantial improvements in tax collection levels.

The tax system was "a weakness that Peru still has to confront", said Mr Camdessus on Wednesday during a two-day visit to Lima. Collections, while twice the level of a year ago, are still equivalent to only 8 per cent of gross domestic product. This figure needs to double again, and quickly, he warned.

Mr Camdessus also stressed the dangers of "adjustment fatigue", both for Peruvians suffering the direct consequences of economic stabilisation and for those abroad supporting it.

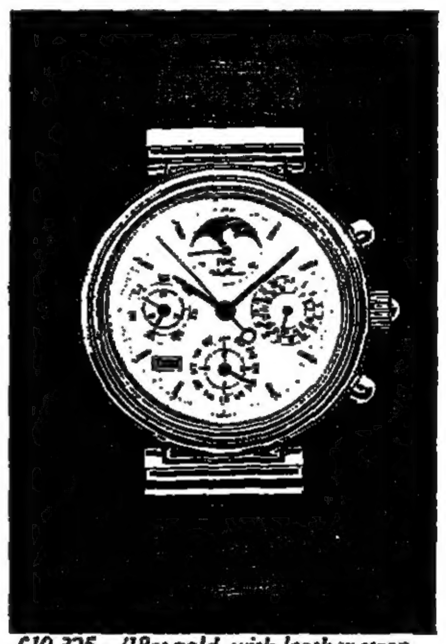
Peruvian businessmen, increasingly impatient with ongoing recession, are demanding government intervention to cut internationally uncompetitive interest charges and to fix an export-promoting exchange rate.

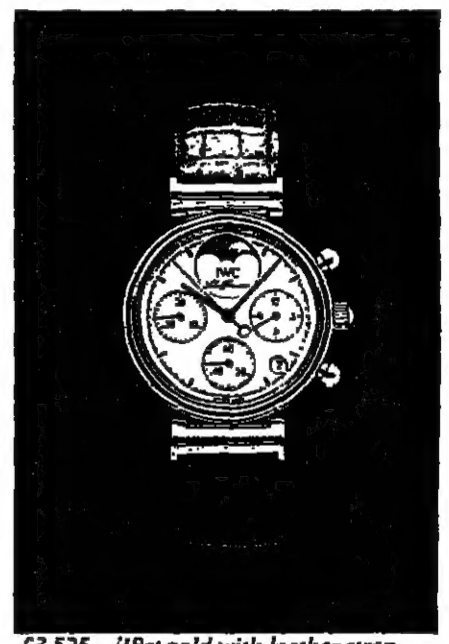
Congress, meanwhile, has rejected government proposals for raising direct taxes on income and company assets. It has also passed an emergency law to restore subsidies to beleaguered farmers. The combination could unbalance Peru's budget for this year, carefully agreed with the IMF.

When President Alberto Fujimori took office in July 1990, he inherited 60 per cent monthly inflation, a bankrupt treasury and a massive fiscal deficit. After meeting Mr Camdessus in New York, Mr Fujimori imposed harsh austerity measures to control inflation, eliminated subsidies and floated the exchange rate.

Peru has been paying $50m a month to the IMF, World Bank and International Development Bank since Mr Fujimori took office. The IMF approved Peru's economic programme last September. The same month Peru reached a rescheduling agreement on its $6.5bn debt to the Paris Club of creditor nations.

Earlier this month Mr Fujimori signed a $115m loan agreement with the Andean Reserve Fund.





Minister rejects Labour call for Lloyd's reform

By Richard Lapper, David Owen and Ralph Atkins

MR JOHN Redwood, corporate affairs minister, yesterday hit out at calls by the Labour opposition to bring the Lloyd's of London insurance market under an independent regulatory regime.

Speaking in response to allegations that Lloyd's syndicates had been favouring Names working within the market by off-loading bad risks on to outside Names, Mr Redwood said that advocates of change would first have to demonstrate there had been "failings" under the present structure. Names are the individuals whose assets provide Lloyd's capital.

Mr Redwood accused Ms Marjorie Mowlam, Labour's City affairs spokeswoman, of "jumping too many hurdles all at the same time" when calling for Lloyd's to be brought within the terms of the Financial Services Act which regulates the rest of the City.

He suggested that – if concerns about the malpractices were serious enough – the Names should take them to the Serious Fraud Office – but said there was not as yet enough evidence to suggest a change in the market's regulatory regime was needed.

The political controversy surrounding Lloyd's intensified after demands from the Labour party for an independent inquiry into the allegations.

The claims had been made by a group of Names, including Conservative MPs, and prompted calls for an investigation in four Parliamentary motions by two Labour MPs, Mr Brian Sedgemore and Mr Dennis Skinner.

Earlier a delegation of Names, including Mr Paul Marland, a Conservative MP, met Mr Redwood. It included the chairmen of three action groups for syndicates suffering heavy losses as a result of catastrophe claims, as well as Mr Marland, who was a member of syndicates managed by Rose Thomson Young and Gooda Walker until his resignation from Lloyd's at the beginning of this year.

One member of the delegation said Names on the catastrophe syndicates were facing losses of more than £550m.

The suggestions in the early day motions that working Names, those who work in the market, were being given preferential access to some better-performing syndicates, were dismissed as an "unwarranted slur" by Mr David Coleridge, chairman of Lloyd's.

Mr Coleridge said a recent report into Lloyd's by a market task force had shown that in the last three underwriting years external members had enjoyed higher returns than working members.

Insider syndicates listed in the the Labour motions were 45 (managed by the Bankside agency), 138 (Bailey), 179 (Anton), 183 (Ashley), 372 (Claremount), 481 (Wren), 960 (Sturge), 990 (Morgan), 994 (Kellett) and 1028 (Wellington).

But of the 10 syndicates, four (179, 183, 990 and 1028) returned losses in 1988 (the last year for which final figures are available).

According to Chatset, the group that provides independent analysis of Lloyd's syndicates, over the most recently available six years, only two of the named syndicates (45 and 960) had been among the top performers in the market.

Fraud office may win right to use civil law courts

By David Owen and Richard Waters

BRITAIN'S Serious Fraud Office (SFO) could be allowed to opt for civil instead of criminal proceedings in prosecuting large fraud cases, Mr John Redwood, corporate affairs minister, said yesterday.

He also agreed to consider any SFO request for greater investigative powers, but added it was important to examine how effectively existing powers are used, he suggested.

Mr Redwood's comments, coming at the culmination of the Barlow Clowes, Blue Arrow and Guinness fraud trials, leave open the possibility of a review of the way fraud cases are handled in the UK.

Under civil law, prosecuting authorities need to establish their case only on a "balance of probabilities," rather than meeting the "beyond reasonable doubt" requirement in criminal proceedings.

Mr Redwood's remarks followed a statement from Labour that it would consider giving prosecuting authorities the opportunity to choose between civil and criminal proceedings.

Mrs Barbara Mills, the outgoing head of the SFO, is known to hold that fraud should remain a criminal offence. She is thought unlikely to make any request for the SFO to be given civil powers. That position could change under her successor, though no replacement has yet been named.

Mr Redwood expressed satisfaction with current success rates in bringing cases to court, saying "roughly one in two" of company investigations yielded material that required criminal action.

He would be "very worried" if the success rate fell "a long way below" current levels, but he would equally be concerned if a perfect hit rate was achieved. "That would mean we were not investigating enough," he said.

Mr Redwood rejected Labour's claim that there was doubling of effort among bodies with fraud-related responsibilities, saying: "If the SFO goes in, we do not then send in DTI inspectors."

Today a Labour MP will try to win parliament's support for a ban on hunting in Britain with a Wild Mammals (Protection) Bill. MPs have a "free-vote", unfettered by party policy, and although the measure is unlikely to become law, because of lack of parliamentary time, it is the first full debate on the controversial subject for half a century

Japanese aid recovery in car industry components

By John Griffiths

THE VEHICLE components industry is being revitalised by a surge of inward investment "the like of which has not been seen for 40 years", according to an Economist Intelligence Unit report.

The wave of investment is led by Japanese vehicle makers, which will have the capacity to produce more than 700,000 units a year by 1995, the reports says.

It forecasts the effect will be felt throughout Europe as indigenous manufacturers are forced to adopt Japanese "lean production" methods.

Component makers will benefit as Japanese-style, long-term partnerships develop between vehicle makers and suppliers, in contrast to the adversarial relationship which has traditionally existed elsewhere.

The report warns component suppliers which look only to Europe are "already behind in the race".

Highlighting the rationalisation in the UK components industry over the past decade, the report identifies the emergence of "a core of successful international players with a lean manufacturing base and a global perspective". These include GKN, T&N and Lucas.

The report also identifies a growing list of inward investments in component ventures extending to several hundred million pounds.

The largest include a £100m alternator an electronic components plant set up in south Wales by Robert Bosch, the German component maker, and a £65m air conditioning, heating and radiator plant in Shropshire set up by Nippondenso of Japan and Fiat subsidiary Magneti Marelli.

CIVIL AVIATION

Provincial cities lobby for transatlantic links

By Paul Betts and Daniel Green

MR MALCOLM RIFKIND, the transport secretary, is coming under increasing pressure to relax the regulations on transatlantic flights between Britain and the US on the eve of a new round of government talks on this controversial issue.

Midlands MPs yesterday asked Mr Rifkind to allow American Airlines to be granted special permission to operate daily services from Chicago to Birmingham International Airport.

The initiative coincides with talks between UK and US government officials starting in Washington on Monday to review the existing bilateral air agreement between the two countries.

The politicians led by Mrs Maureen Hicks, a Conservative MP in the central English city of Wolverhampton, said the Midlands business community was anxious to see daily transatlantic services operated from Birmingham to boost the region's overall economic prospects.

British Airways currently has rights to operate a service from Birmingham to the US. But the UK flag carrier has so far not been prepared to start transatlantic flights from Birmingham because it feels they would be unprofitable.

The Midlands MPs and Birmingham business community now want the government to allow American Airlines to operate a service to Birmingham although this is currently ruled out in the existing UK-US bilateral air agreement.

American Airlines is also seeking a licence to operate transatlantic flights from Nashville, Tennessee, to London Stansted.

BA said yesterday it did not object to the UK granting rights to US carriers to operate provincial services in Britain provided UK airlines were offered "something worthwhile" in return.

The UK flag carrier has also argued that future air agreements with the US should be negotiated at a European level rather than on a bilateral basis because this would strengthen Europe's hand in the negotiations.

Mr Robert Crandall, the chairman of American Airlines, warned in Dallas this week that the recession was prompting increasingly protectionist moves by governments to shield their national carriers.

"I fear there will be more protectionism from governments over the next year," he said.

And he singled out the UK government for preventing his airline from flying between Chicago and Birmingham and Nashville and Stansted.

US carriers have also become concerned by the tougher attitude now being adopted by France and Germany on their respective bilateral air agreements with the US.

Prestwick airport to be run by local consortium

By James Buxton, Scottish Correspondent

BAA, the airports' operator, has agreed to sell Prestwick airport in south west Scotland.

The airport will now be largely owned by a consortium of local authorities and businessmen chaired by Mr George Younger, the local Conservative MP and chairman of Royal Bank of Scotland.

Under a deal finalised yesterday BAA will sell the airport to British Aerospace (BAe) which manufactures civilian aircraft at Prestwick.

BAe will then sell the airport facilities to Ayrshire Community Airport Project (Acap), but retain the freehold of the runways, which it will lease to Acap.

BAA has wanted to sell Prestwick ever since March 1990 when the government removed its monopoly on long-haul passenger flights from Scotland. Airlines using Prestwick immediately moved their operations to Glasgow and in the year to March 1991 the airport lost £4.8m on revenue of £5.1m.

Mr Younger said that staff levels at Prestwick would have to be cut from 80 to 55. The employees of PIK, the new operating company to be formed by Acap, would be expected to accept job-sharing, multi-skilling and job flexibility. Former BAA staff would be given priority in allocation of posts.

Mr Younger said that Prestwick would build on its existing airfreight business which is operated by Air Canada and Federal Express.

It would then hope to re-establish its charter business. He said he expected PIK, whose name derives from Prestwick's radio call-sign, to make a profit in its first year.

PIK argues that with a smaller, flexible workforce Prestwick can be made to pay at low levels of traffic.

"In the US you wouldn't find an airport with this level of traffic having the staff structure you've got here," one member of the consortium said.

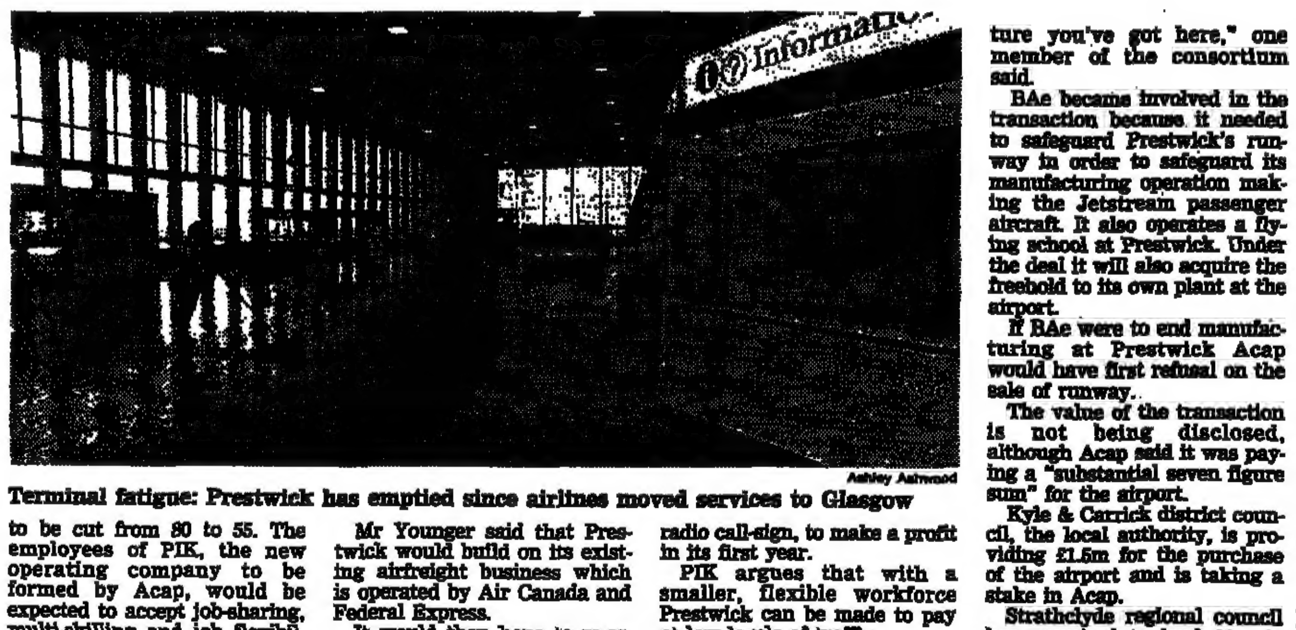
BAe became involved in the transaction because it needed to safeguard Prestwick's runway in order to safeguard its manufacturing operation making the Jetstream passenger aircraft. It also operates a flying school at Prestwick. Under the deal it will also acquire the freehold to its own plant at the airport.

If BAe were to end manufacturing at Prestwick Acap would have first refusal on the sale of runway.

The value of the transaction is not being disclosed, although Acap said it was paying a "substantial seven figure sum" for the airport.

Kyle & Carrick district council, the local authority, is providing £1.5m for the purchase of the airport and is taking a stake in Acap.

Strathclyde regional council has promised to lend £1m to ACAP at favourable rates of interest. Airport staff are to be offered shares in Acap.



Ashley Ashwood

Terminal fatigue: Prestwick has emptied since airlines moved services to Glasgow

Tide fails to turn for the jobless in manufacturing

Is a fresh wave of job losses about to hit industry ? **Daniel Green and Andrew Baxter** investigate

IS Britain's manufacturing industry undergoing a second wave of job cuts after the heavy retrenchment of last year? Are companies which have fought desperately to hang on to skilled labour now looking at the outlook and reluctantly biting the bullet again?

Yesterday's unemployment figures, and the spate of recent redundancies which have yet to be reflected in official statistics, suggest the answer to questions which are becoming increasingly sensitive as the election approaches is an unequivocal "Yes".

In fact, the answer is a qualified "No". As the Engineering Employers Federation put it yesterday: "There isn't a second wave, but the first wave is continuing as we have always forecast."

Last December, the EEF predicted a further fall of 70,000 UK engineering jobs in the year from the fourth quarter of 1991, reducing the total to 1.82m. But recent events in industries as diverse as aerospace and machine tools suggest that could be a conservative estimate.

On the one hand there are companies which are not planning any further job cuts, even though they see no immediate prospect of an upturn. Vickers, the defence, medical equipment and luxury car group, has cut 1,300 jobs at its Rolls-Royce car plant in Crewe, but says: "The pain was last year."

In contrast, a second wave of job cuts is visible in chemicals. "Companies are having to bring forward redundancies they were hoping to put off," said the Chemicals Industries Association.

Individual companies were, however, reluctant to concede they had miscalculated the length of the recession.

Bulk chemicals supplier Albright & Wilson, part of Tenneco, the US conglomerate, said it "started to wield the [jobs] axe in June 1991. We are now turning our focus to other areas of cost savings".

It is at the heaviest end of the industry, petrochemicals, where a new round of jobs cuts is most apparent. Only yesterday, BP Chemicals announced the loss of 180 jobs at two sites.

Late last year, BP Chemicals management told each manufacturing site to look for ways of reducing costs. Only three sites have so far revealed job cuts but the exercise is continuing.

The construction equipment industry is suffering a "second wavelet" with a series of small redundancies in the past few weeks after heavy cuts last year. Mr David Barrell, director general of the Federation of Manufacturers of Construction Equipment & Cranes, said many companies are "holding their breath and hoping they do not have to make any more cuts. All it does is weaken the industry".

In aerospace, the recent job cuts at British Aerospace are part of a longer process, but are contributing to lay-offs in subcontractor companies which had hitherto avoided retrenchment.

In other sectors, the current round of job cuts is the "first wave" of this recession. The machine tool industry fought off heavy redundancies last year in the hope that conditions would improve in 1992.

Over the past few weeks, however, some 600 job cuts have been announced in machine tool factories from Brighton to Bridlington, threatening the permanent loss of highly-skilled engineers from the workforce.

The long term decline of the textile industry in the UK remains a fact of life. "Redundancies are continuing at 4,000 to 5,000 a quarter out of a workforce of 420,000," said Mr Colin Purvis, of the British Textile Federation. "This is related to companies' own performances. Most people are fairly sceptical about economic forecasts."

BRITAIN IN BRIEF

Labour likely to retain equity plans

Mr Chris Smith, a Labour party treasury spokesman, has given the firmest indication yet that a Labour government would not abolish Personal Equity Plans (Peps).

He told the Financial Times: "We believe Peps do have a role to play within the savings and investment market."

Personal Equity Plans, introduced by Mr Nigel Lawson as chancellor in the Budget of 1986, allow investors to shelter equity investments from capital gains tax and income tax.

Labour has maintained the option of abolishing Peps since they were introduced, but never made this a direct commitment. It has always said that tax reliefs on existing Peps will be honoured and that no changes will be made retrospectively.

Fewer days lost to strike

The lowest number of days were lost through strikes last year since records began 100 years ago, according to figures published by the Department of Employment.

Provisional estimates put days lost in 1991 through industrial disputes at 0.8m – the first time the figure has dropped below 1m since 1940. The figure compares with an annual average of 7.2m days lost for the 1980s.

Manufacturing investment falls

Investment by manufacturing industries in capital goods fell by 15 per cent last year compared with 1990.

Spending on vehicles suffered the biggest decline, down by 39 per cent on the previous year while spending on plant and machinery dropped by 15 per cent.

BP to end pay bargaining

BP Chemicals plans to end collective pay bargaining at its Baglan Bay, south Wales, plant in a rare example of a large UK company derecognising blue collar worker unions for pay purposes.

The company's plan, announced together with proposals to cut 130 jobs from the 900-strong plant and change working practices, sparked fears among unions that other BP plants would follow Baglan Bay's example. Lex, page 14

Repossesions reach 75,540

The number of homes repossessed by mortgage lenders because their owners could not keep up with their monthly payments reached 75,540 last year.

The total, by far the highest ever recorded, was 72 per cent up on 1990. It was slightly below forecasts of 80,000, however, and the Council for Mortgage Lenders indicated that the worst might now be over.

The council believes the decline in eviction rates reflects the fall in mortgage interest rates.

Government to replace ships

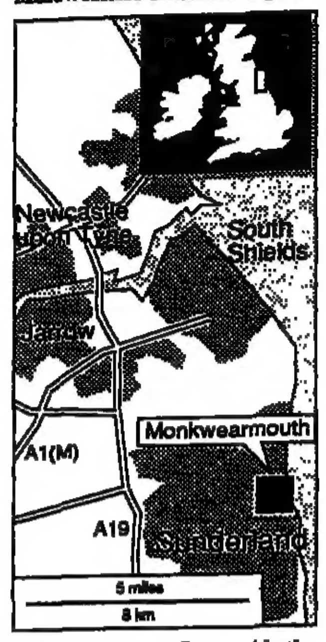
The government confirmed plans worth some £500m to replace and update ships required for amphibious military operations.

The announcement in the Commons by Mr Alan Clark, Defence Procurement Minister, was seen as a bid to offset the impact of recent job cuts in the defence industry, including at British Aerospace and the shipyards VSEL and Vosper Thornycroft.

It was welcomed by warship builders struggling for new orders and by the Navy, since it secures the role of the Royal Marines.

Two men die in pit accident

Investigations have begun into an accident 1,000 feet underground at Wearmouth Colliery, in Sunderland, Tyne and Wear, in which two men died and three were seriously injured. The National Union of Mineworkers North East president Mr Davy Guy said the union believed serious accidents in the coalfield were increasing as the number of miners was cut and working hours lengthened.



Production at the 160-year-old pit, where 1,050 men work, was suspended as the Health and Safety Executive's Mines Inspectorate, British Coal safety officials and the mining unions started their inquiry.

BR subsidies to remain

Plans to eliminate the heavy annual subsidy received by British Rail's Network South-East division have been abandoned, according to the Department of Transport's annual report.

The figures highlight the difficulty the government faces in fulfilling its pre-election promise of privatising loss-making commuter services.

The last corporate plan agreed by the government and British Rail, published in December 1989, aimed to cut Network SouthEast's subsidy from £141m in 1989/90 to zero in the forthcoming year.

Union concern at break-ins

The Prison Officers Association, the union representing jail staff, has claimed that four thefts of sensitive computer information from its North London headquarters fitted a pattern of similar break-ins suffered by the three main political parties.

The disclosures follow revelations that MPs have suffered a spate of thefts, some apparently aimed at sensitive computer information.

The union said it believed the thefts, which started last August, could not be dismissed as coincidence.

Love's labours far from lost on business of St Valentine's Day

George Mikes, the Hungarian-born writer, once said that while the Continentals have sex lives, the British have hot water bottles.

It is on Valentine's Day, today, that the British let on that they may have a sense of fun after all. Legend says that the birds choose their mates on February 14.

Today English-speakers embark on, or renew, their love affairs with a card or a token gift. And in spite of the recession, a survey published yesterday said Britons have spent an estimated £745m on Valentine gifts this year.

The survey found the most popular gifts for women were flowers and chocolates while the favourite present for men was a bottle of aftershave. Most newspapers, meanwhile, are full of classified advertisements on St Valentine's placed by Sugar Lump, requesting an exchange of vows with Twinkletoes.

The UK travel industry also regards Valentine's Day with particular affection.

Thomas Cook says that bookings for many of its Valentine's Day weekend breaks are up 50 per cent on last year. Among the breaks requested by customers are a weekend in an Alaskan igloo and the opportunity to roll over Niagara Falls in a barrel.

Paris is the most popular conventional destination , although with England due to meet France in the Five Nations rugby championship tomorrow, hotel rooms are hard to find.

Hoseasons Holidays, the riverboat charter company, is even offering a 'loveboat' on the Norfolk Broads complete with four-poster bed.

Tonight will provide a much-needed boost for Britain's restaurants. But Valentine's night is not an unmixed blessing for restaurateurs. What happens if, despite the pink champagne and sensitive service, the romantic evening does not live up to its promise? The staff frequently find themselves dispensing sympathy and the odd tissue. In many restaurant cloakrooms, Valentine's night adds a new dimension to the expression 'not a dry eye in the house'.

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ENERGY MANAGEMENT

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TECHNOLOGY

Milkmaid pulls the udder one

For the last three years Professor Jim Hewit's team in the Department of Mechanical Engineering at the Loughborough University of Technology has been looking at cows' udders with more than a passing interest.

Talking to colleagues at the Agricultural and Food Research Council they discovered that if cows could be milked as often as the cows themselves wanted, milk production would increase.

The stress on the cows of being rounded up for milking would also be reduced, which could improve milk quality. And farmers would need less equipment, as milking would be spread throughout the day, not compressed into the traditional early and late shifts.

The Loughborough team has developed a robotic machine to milk the cows automatically. The system incorporates a thermal imaging system attached to a contraption of booms and telescopic tubing.

The solution appeared by accident. Hewit discovered a thermal imaging system in the lab from a previous project. Wondering whether this might distinguish cold teats from hot udders the team tested it on cows on an Oxfordshire farm.

Not only did it pick out the teats on the cow when the animal entered the milking stall, without the need for human guidance, it also picked out a teat diseased with mastitis, which appeared black to the imaging system. The cow's owner was shocked, but grateful, and so were the Loughborough engineers: in a surprise spin-off the robot had become a dual milking and diagnostic imaging system.

Work will begin in May on the remaining hurdle: making the imaging systems rugged enough and cheap enough for life on the farm. At present an effective imaging system costs around £30,000, says Hewit, and he is worried that a roaring trade in robot rustling might develop.

Eventually he believes unattended milking stalls will appear on the farm. Cows will wander in as they please or be called in by the tape-recorded lowings of suckling calves.

Steven Sonsino

A smear campaign

Lipstick is becoming more of a science and less of an art, writes Della Bradshaw

Leading cosmetics companies are now battling for the mouths and minds of some of the world's most discerning consumers – wearers of lipstick.

Gone are the days when wax, oil and a splash of colour was the order of the day. Now those with the pennies as well as the pout are being offered "performance" lipsticks – which colour, moisturise, heal and caress.

In Europe alone the wholesale market for lipstick is worth more than Ecu150m (£107m), and a successful lipstick can increase a company's sales in the colour sector (lipstick and nail varnish) by more than 50 per cent in the year of the launch, says Patricia Fuchs, director of Geneva-based European Forecasts.

Since Lancôme, a leading French manufacturer, introduced its Rouge Absolu in the UK in September 1990, for example, the lipstick has outsold, in unit terms, any other product Lancôme has introduced into the UK market.

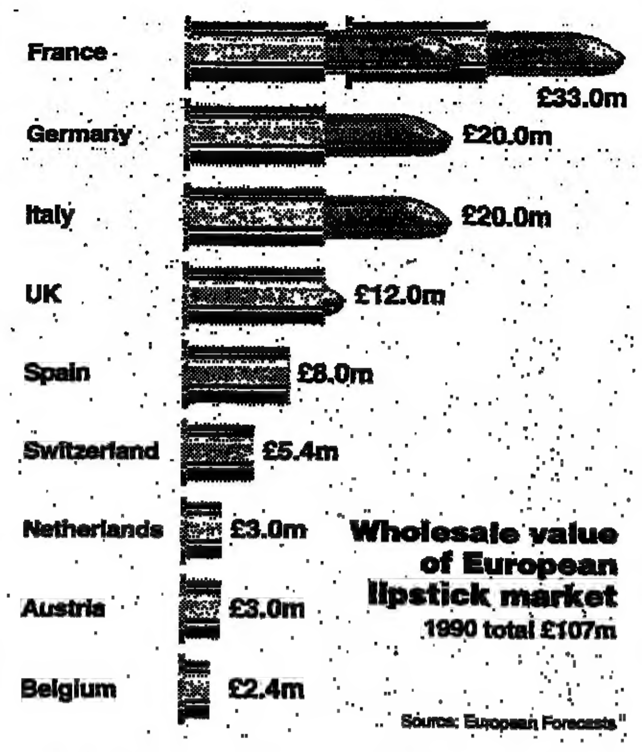
For the up-market cosmetics companies the test has been how to differentiate themselves from the cheaper brands, which have "cannibalised" the market, according to Fuchs, because of the large range of colours and finishes that the more popular suppliers offer.

The easiest route for the likes of Elizabeth Arden, Lâncome and Helena Rubinstein has been to incorporate a moisturising element in their products.

Traditionally lipstick has had one of two drawbacks: if the colour endured then the formula was harsh on the skin; if the lipstick was gentle on the lips the colour faded rapidly.

So the test for the lipstick makers has been to produce a stick which combines the best of both worlds. "Customers want to have a treatment lipstick. They want a colour guarantee and protection," says a spokesperson for Helena Rubinstein, now part of the French L'Oréal group, about its Rouge Forever lipstick.

To do this the largest cosmetic companies have turned to their pharmaceutical and even their food divisions to enliven their traditional potions. Edith Clar, director of scientific communications at Lancôme, in Paris, says there is now a two-way flow of ideas between research laboratories in the L'Oréal group (which owns Lâncome). The organisation includes shampoo and perfume companies as well as the more traditional cosmetic makers.



This move has been facilitated by the acquisition of the big brand name cosmetics companies by multinational consumer products organisations. Unilever, the Anglo-Dutch company, famous for Persil soap powder and Oxo stock cubes, has acquired Elizabeth Arden, Calvin Klein Cosmetics, Chesebrough-Ponds and Fabergé.

At Elizabeth Arden, the skills of 18 multinational chemists were taxed to produce Lip Spa, a lipstick already available in the US and to be launched in the UK in early March. The more conventional lipstick could be formulated by a single chemist.

Lip Spa incorporates water – a task which is inherently difficult because the oils and waxes in lipstick are incompatible with water. The technology for emulsification came from the Unilever food division where it has been well-tested in the production of margarines such as Flora, Stork, Delight and Krona.

Also included in the potion are liposomes, which are being investigated by pharmaceutical companies as a way of transporting drugs into the body. In cosmetics they wrap themselves around the active substances to make it easier for those constituents to penetrate the skin.

Lâncome's Rouge Absolu, on the other hand, uses a technique called active gel network, which took three years of specific research to develop, says Clar. The stick incorporates a gel-like network of ultra-fine links. As pressure is applied when the lipstick is put on, the colour and the active ingredients – vitamin E, ultraviolet filters, musk *rose oil, et al* – adhere to the lips. As the pressure is removed the gel-like network reforms, trapping the pigments and oils on the surface of the lips.

Helena Rubinstein uses a similar approach with its Rouge Forever. The pigment is encased in polymeric micro-particles which double up as a moisturiser. As the lipstick is applied the micro-particles release the colour on to the lips.

Fuchs does not believe that the recession will reduce the demand for up-market lipsticks, which generally sell in the £10 to £15 price range.

"In an economic recession if women can't take themselves on a skiing holiday at least they can buy themselves a luxury product," she believes. "A lipstick is really an entry product to a consumer that is aspiring to an up-market brand."

However, the traditional up-market European and US cosmetics companies are coming under increasing pressure in their home markets from Japanese manufacturers, such as Shiseido and Kao.

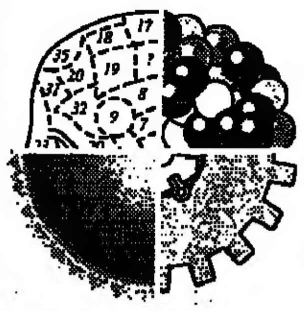
Shiseido has been selling lipstick in its Le Marquillage range for the past three years which combines colour and moisturising properties, developed by its skincare division.

The colour elements are immersed in a waterproof and oil-proof coating, says the company, so the colour remains on the lips and does not change, however acidic or alkaline the skin. A second component is an oil which binds water from the atmosphere to it, so moisturising the lips.

Shiseido's low profile in Europe – unlike its European and US counterparts it does not have multi-million pound advertising campaigns – serves to emphasise its up-market image. Its products are only available in 10 outlets in the UK, including Harrods in London.

Helena Rubinstein is now following a similar strategy in trying to consolidate its sophisticated image. Where once its products were sold through 270 stores in the UK, that figure has been reduced to 23.

The big cosmetics companies are also under increasing pressure as product strategies change. "The rhythm of launches is getting faster and faster, as we've already seen in the fragrance market," says Fuchs. "You can be successful for 18 months but then a rival product comes along."



WORTH WATCHING

by Della Bradshaw

Top prizes in the invention stakes

A MEDICAL system which could enable doctors to test for illnesses in their surgery – without sending blood or urine samples off to the laboratory – won a team of scientists at the Wolfson research laboratories at Birmingham University the top prize in the UK's Toshiba year of invention competition.

The printed liquidic circuit system – resembling a large electronic circuit – uses standard chemistry tests, but carries them out automatically in a single device – unlike previous more complicated methods.

The device consists of a single layer of filter paper on to which a pattern of wax tracks is printed, defining the channels through which the body fluid flows. The device contains a layer of antibodies to which the antigens in the blood or urine, if present, bind. At the end of the test a colourmetric device shows whether antigens are present.

● A FIFTEEN-year-old schoolboy won the schools category of the awards with an energy-saving device which could cut the electricity bills of schools and factories.

After noticing that the lights at a local school were often left switched on at night, Richard Mead, of Cheltenham College, set about designing a series of clips which can be attached over the lighting circuits in the fuse boxes.

Attached on top of the wiring insulation the clips detect the magnetic field when power passes through the wiring. The clips in turn are wired to a central electronic box with a series of red lights on the top. When the lights are left on, corresponding ones on the box light up too.

● A HAND-HELD instrument which helps owners of oil rigs or power stations to cut their repair bills won two divers the individual award category.

The device, sold by Instrument and Inspection Services, of London, is used by repair workers carrying out remedial grinding on huge metal joints – a process in which the sharp edges of the cracked surface are smoothed away to help prevent further deterioration. The gauge accurately calculates the thickness of the metal left by subtracting the depth of the grinding from the metal remaining.

● THE small business category of the Toshiba awards was won by London architect Brian Perry for developing a fire escape system using non-incandescent light. Intended for use in public places, the continuous luminescent beams can be used to identify escape routes and can be activated automatically by fire or smoke detectors.

The non-incandescent light becomes highly visible when the minute particles present in smoke and dust from the fire act as a diffuser.

Chorus of chips in stereo sound

FOR those who want all the bells and whistles on their personal computer, AdLib, of Quebec City, has developed a computer board that upgrades your PC to give high-quality stereo sound.

The Ad Lib Gold cards, sold in the UK by Mindscape, of West Sussex, can produce 22 stereophonic voices – compared with only 11 for previous boards. The boards can be used for multimedia applications – as well as computer games – since they comply with multimedia PC specifications.

Compact discs go on record

THE compact disc revolution has taken the music industry by storm, but music lovers are still waiting for the day when they will be able to record their favourite tunes on their own, in digital sound, writes Michiyo Nakamoto.

Plasmon, a Cambridge-based manufacturer of optical discs such as CDs, is entering the market for recordable CDs in a joint development agreement with Ciba-Geigy, the Swiss chemical company.

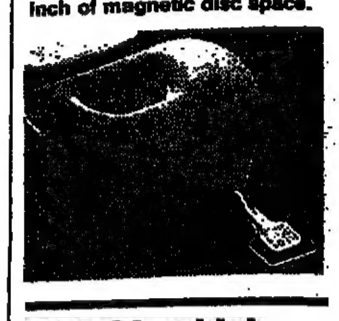
The UK-Swiss team believes it has a more stable chemical which can be used to coat CDs and make them recordable as well as give them a life expectancy of up to 50 years. Each disc would be recordable only once.

Ciba-Gelgy will provide the chemical know-how while Plasmon will be the engineering and production vehicle. The two companies expect to start shipping samples in June and to go into production by the end of this year.

Apart from recording music, recordable CDs have a range of applications from photo-CD to data storage.

Little disc has a big heart

EVEN the hardest-hearted technologists show their more romantic side on St Valentine's day. Researchers at IBM's Almaden Research Centre, in San Jose, California, have unearthed a tiny heart deep inside IBM's most advanced hard disc drive recording head. Just 100 millionths of a metre wide the heart-shaped metal yoke has enabled IBM scientists to write more than 1bn bits of information on to a square inch of magnetic disc space.



Watching high blood pressure

CASIO Computer, of Japan, has developed a watch which enables wearers to tell their blood pressure as well as the time. All the wearer needs to do is place a finger on the watch and wait 30 seconds. Two sensors inside the watch then measure the blood pressure.

The watch will go on sale in Japan later this month for Y19,000 (£85) and worldwide sales are planned.

Contacts: Toshiba: Japan, 03 3457 4511. Toshiba year of invention hotline: UK, 081 691 9191. Wolfson Research Laboratories: UK, 021 472 1311. Cheltenham College: UK, 0242 513540. Instrument and Inspection Services: UK, 071 499 7484. Perry Architects: UK, 071 485 4142. Plasmon: UK, 0763 261466. AdLib: Canada, 418 529 9676. Mindscape: UK, 0444 831 761. IBM: US, 408 927 1283. Casio: Japan, 03 347 4811.

MANAGEMENT

Lucy Kellaway takes tea with Richard Branson in the snug and friendly surroundings of his Holland Park mansion

Home but not alone

MY OFFICE

Richard Branson was unhappy at school; desks remind him of school; so he abominates desks. Instead he lounges, top three shirt buttons undone, on a pale apricot sofa in his double-fronted private mansion in Holland Park.

From here, the founder of Britain's best known private company does deals and makes sure that his personal image is coming across right. The phone placed in front of him on a large, low coffee table rings incessantly.

"Look Trevor, I like these people, and I think they want to do a deal. But we shouldn't sign anything, unless we can live with it." Replacing the receiver, he explains that he has always worked from home ever since a teenager because it is "snug, cosy and friendly".

Until two years ago he worked and lived on a houseboat on the Thames, "but the meetings got bigger and so did the kids".

Now he lives in splendour in Notting Hill Gate in a house bought at the peak of the market. He works at one end of a 40 foot sitting room, while his children have piano lessons at the other.

"It's really Joan my wife who put it together. She used to work in a bric-à-brac shop," he says, casting an eye over the festooning curtains, art deco lamps and the overbearing rococo mirrors with naked cherubs carved into the frames. The room is dotted with family photographs, including wedding shots of Branson and his wife with their two children on a beach, everyone in white satin, and everyone blond and very beautiful.

Branson draws attention to the heavy, ornate mantelpiece, which is groaning with airline trophies. "We have a lot of people coming here to lunches. We try to get across that Virgin is the best airline in the world," he says.

Branson is trying to turn the conversation his way and later admits as much. "The only interview that Will (his press man) will let me do are ones that will help the airline. I always try and direct the conversation towards it," he says, letting his smooth mask drop for one minute.

The approach apparently works: a recent appearance on a lightweight TV chat show brought a record 38,000 calls to the airline the following week, which he believes was directly linked to his personal performance.

What message does Branson think his office gets across about him, or his company? He hesitates, seems unable to answer. The phone goes again. "Hi, look, how much will I be in the film? Do you think we are going to get some nasty feedback? Right. Right. Right."

Despite his reticence, the answer screams at the visitor. Judging from the surroundings, Branson wants to remain an unconventional guy, and refuses to enter the corporate mainstream. He holds no board meetings, does not go out unless he wants to, and puts up visiting businessmen in his house, chatting to them over breakfast with the family.

This style did not go well with being a public company and was part of the reason for his retreat from the stockmarket. He also did not enjoy the public scrutiny – and criticism – that comes from being a public company. Indeed even now, Branson reacts angrily to any adverse publicity, however slight – something which is apparently not just a matter of personal vanity. "If someone doesn't like my sweater, that's a potential negative against the airline," he says.

A slightly scruffy young woman brings in a cup of tea. She is one of a team of four personal helpers who work in the house. "There's a girl called Penny, a girl called Emma, a girl called Clodagh and a guy called John," he says. The guy and the girls spend a big part of their time dealing with the 200 letters which arrive every day, turning the relevant ones into a two line summary, so that Branson has time to read them.

Despite the £1bn-odd turnover of his companies, Branson clings to his distrust of the big organisation. "I believe in 'small is beautiful', and that companies should be run from the bottom up, rather than the top down." The Virgin companies are dotted around a dozen buildings in Notting Hill, none employing more than 50 or 60 people. "We've got 30 different switchboards in the area - it might be more expensive, but it's much more personal."

His most important business aid is a large, black-lined notebook. This sits in front of him on the table, with a proof copy of his 1993 Who's Who entry sticking out of it. In this book he writes down "all my meetings and all my ideas. I have numbers 1 to 50 every day. If something comes up, I jot it down".

The book goes with him around the world. "At any excuse I jump on a plane to New York, LA or Tokyo," he says. He then goes out of his way to chat to the 400 passengers and the 20 or so crew, which also yields 50 different "thoughts, ideas and suggestions" which he writes down in his book. He talks about the importance of dealing with complaints and striving to improve the service.

It all sounds as if Branson is becoming a convert to fashionable management notions. "Total Quality Management? I've never heard of it," he says. "No, I've never read any books with suggestions of how to run a business," he adds. The strong implication is that he doesn't need to.

Tony Andrews

Richard Branson: "How much will I be in the film? Do you think we are going to get some nasty feedback?"

Such an elusive quality

If a company tells you it has a Total Quality Management programme, it is trying to prove that it is a go-ahead organisation striving to do as well as possible all the time.

Don't be fooled. It seems that all but a few quality programmes fail, usually because the management failed to set realistic goals or look for measurable benefits at the outset.

According to a survey by A T Kearney, the international management consultants, and TQM magazine, 80 per cent of such programmes do not produce any tangible benefit.

The findings are significant because TQM has become one of the main techniques being used in Britain to improve corporate performance. Earlier research by A T Kearney showed that the notion of TQM had become so fashionable that nine out of 10 chief executives said they planned to introduce it.

However the latest study reveals that only 20 per cent of companies which have introduced a TQM programme report tangible results in the last 12 months.

Among the findings are:

- Successful TQM programmes typically have a greater focus on the customer and aim to give employees more authority to make decisions.
- Companies which have successfully introduced TQM are twice as likely to have made an objective study of their competitors through "benchmarking".
- Where TQM has failed to generate tangible results the quality manager, rather than a director, was often responsible for the programme.

Companies which practise TQM successfully share four common characteristics; an emphasis on tangible results, insistence on performance measurement, an integrated programme and a clear commitment from top management. In addition they ensure that they "retain ownership of the programme" instead of relying upon outside consultants.

Paul Taylor

When honesty pays off in the boardroom

Paul Taylor explains how executives can avoid criticism when their salaries rise

Big boardroom pay rises in Britain nearly always provoke public criticism and sometimes anger among shareholders.

But companies often have only themselves to blame when the large salary rises of their senior executives hit the headlines, according to Monks Partnership, the company remuneration advisers.

Monks' latest publication* details good and bad practice in company annual reports, and points out that getting the section on directors' remuneration right plainly causes some companies difficulty.

Simon Rodwell, Monks' associate director, argues that much of the media criticism over the past year has arisen from misunderstandings by commentators armed with insufficient information about the components of a chairman's or highest paid director's pay. The common misconception that an increase results from a rise in base salary – rather than, say, a maturing performance-related bonus – is a case in point.

"Those companies which make full and informative disclosure of their directors' earnings generally receive a better hearing, for the simple reason that they are taking the trouble to explain actions which, in most cases, are reasonable and defensible," says Rodwell.

But he warns that "those who choose to withhold information and surprise public and shareholders alike with a sudden, unexplained increase in their chairman's earnings, should not feel aggrieved if they get a rough ride at the AGM or in the financial columns". Based on a survey of about 1,100 annual reports, Monks says that a growing number of companies, particularly the largest, are beginning to disclose more than the legally required minimum about boardroom pay.

Full disclosure in itself is no guarantee of escaping the headlines, witness the outcry over this week's £750,000 pay-off for Laurence Cooklin, the head of Burton.

Indeed, Burton is among the 40 companies whose annual reports are used by Monks as examples of good practice in the way they handle aspects of boardroom pay. The others include Boots, W H Smith, Marks & Spencer and Tesco, BOC, Courtaulds, Glaxo, British Gas and Welsh Water.

However many companies are still failing to provide more than "minimal disclosure" – sufficient only to meet company law, stock exchange and other requirements. Based on its survey, Monks says that while more than 80 per cent of directors are entitled to bonuses, only about one in 10 company annual reports makes even scant mention of bonus earnings.

Companies like BET, British Steel and Lucas Industries provide more than the minimum legal requirement and "are ahead of practice in the overwhelming majority of accounts," says Monks, but are criticised for not conforming to best practice and for falling short of the recommendations of the Institutional Shareholders' Committee. The Monks report does not single out individual companies for criticism, but does contain several examples of bad practice, based on company annual reports but with altered figures to show how misunderstandings occur.

Monks' report suggests guidelines for good disclosure practice designed to give shareholders and other annual report readers a clear picture of how and why directors' emoluments have changed.

Total board emoluments should be divided under five headings: fees, fixed remuneration, annual bonus, longer-term bonus where applicable and pension contributions, the report says.

The emoluments of the chairman or the highest paid director should also be subdivided between fixed and variable amounts and footnotes to the emoluments tables should include details of changes in board composition and explanations of performance measures used to determine bonuses. Each tranche of share options should be shown separately.

**Disclosing Board Earnings in Company Annual Reports, £115 from Monks Partnership, Debden Green, Saffron Walden, Essex CB11 3LX.*

LEGAL NOTICES

IN THE COURT OF THE SUBORDINATE JUDGE, ATHAGARH
Title Suit No. 208/31 of 1991
M/s. Indian Charge Chrome Limited...... PLAINTIFF
- Versus -
M/s. Asea Stal AB and others .... DEFENDANTS

To
1) Chase Manhattan N.a. London Branch, Box 16, Woolgate House, Coleman Street, London EC2P 2HD United Kingdom (Defendant No. 5)
2) Forste Sparbanken Hamngatan 31, S-103 31 Stockholm, Sweden (Defendant No 6)
3) Gotabanken Sveavagen 14, S-103 88 Stockholm, Sweden (Defendant No. 7)
4) P.K. Banken (Now known as Nordbanken) Box 2561, S-403 17, Gothenberg, Sweden (Defendant No. 8)
5) Skandinaviska Enskil da Banken Kungstradgardsgatan 8, S-106 40 Stockholm, Sweden (Defendants No. 9)
6) Osigotabanken Smalandsgatan 4, S 103 92 Stockholm, Sweden (Defendant No 10)
7) Sparbankernas Bank Kungstradgardsgatan 2, S-103 28 Stockholm, Sweden (Defendant No. 11)

Whereas M/s Indian Charge Chrome Limited, Choudwar, Orissa, India has instituted Title Suit No. 208/31 of 1991 against you, you are hereby summoned to appear in this court in person or by a pleader duly instructed and able to answer all material questions relating to the suit on the 27th day of February month of 1992 at 10.30 o'clock to answer the claim and further you are hereby directed to file on that days written statement of your defence and to produce on the said day all documents in your possession or power upon which you base your defence.
Take notice that in default of your appearance on the day before mentioned the suit will be heard and determined in your absence.
Given under my hand and the seal of the court this 4th day of January month of 1992.
Sd/-
SUBORDINATE JUDGE, ATHAGARH
ORISSA, INDIA

No. 00125 of 1992
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
THE HONOURABLE MR JUSTICE MUMMERY
MONDAY THE 3RD OF FEBRUARY 1992
IN THE MATTER OF
WHITBURGH INVESTMENTS LIMITED
AND
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 3rd February, 1992 confirming the reduction of the capital of the above-named Company from £8,750,000 to £4,691,167.95 was registered by the Registrar of Companies on 4th February, 1992
DATED this 14th day of February, 1992
Macfarlanes,
10 Norwich Street,
London EC4A 1BD.
(Ref: AZL/520850)
Solicitors for the above-named Company.

NOTICE
Would anyone having knowledge of the current whereabouts of:-
Mrs. E. ABBOTT (Domestic) of 30 Ivy Road, Cricklewood, London NW2, and
Miss Carmen NUNEZ (Kitchen Assistant) of c/o Domestic Department, New End Hospital, Hampstead, NW3, and
Miss Ingrid PEACOCK of 85 Victoria Road, Kilburn, London NW6 6TD, and
Mrs. Elizabeth ROBINSON of 86 The Ridgeway, Kingsbury, London NW9
Contact Phillips & Phillips (Ref. EB)
of 220 Northolt Road, South Harrow, Middlesex, HA2 8DS
in connection with the Administration of the Estate of HAROLD LEONARD CARTER late of Princess Louise Hospital, St. Quintin Avenue, London W10 formerly of 5 Raymond Avenue, London W.13.

MEETING OF CREDITORS
Pursuant to Sections 98, 99, 100 and 101 of The Insolvency Act 1986
LONDON TAXI PARTS LIMITED
NOTICE IS HEREBY GIVEN pursuant to Section 98 of The Insolvency Act 1986, that a meeting of the creditors of the above-named Company will be held at The Palace Hotel, 31 Great Cumberland Place, Marble Arch, London W1, on Tuesday, 25th February 1992 at 4.00 pm for the purposes provided for in Section 99 et seq.
A list of names and addresses of the above Company's Creditors can be inspected at the offices of Latham Crossley & Davis, 45 Conduit Street, London W1R 9FB, between the hours of 10.00 am and 4.00 pm on the two business days preceding the Meeting of Creditors.
Dated this 7th February 1992
D. Reichman, Director

THE PROPERTY MARKET

"Berlin is like London in the 1960s; the opportunities are enormous... companies wishing to invest can expect generous profits... Berlin is an investor's paradise."

"There has been a huge speculator-driven bubble that in the last month has started to burst. Banks are refusing to lend money on land because it is overpriced."

More talk than action in Berlin

By Vanessa Houlder

These contrasting views – from two of the many UK advisers who have flocked to Berlin in recent months – illustrate the uncertainties that exist in Europe's most unusual property market.

The uncertainties are reflected in the differing levels of interest and investment attracted by the market. Berlin agents are besieged by visitors demanding information. Yet to date, there has been more talk than action. In the past 18 months, there have been barely 20 investment deals.

The doubts over Berlin focus more on short-term rather than long term prospects.

In the long term, Berlin's role as the seat of government will guarantee its future as Germany's most important city. Moreover, Berlin's growth will be powered by one of the strongest economies in the world.

Berlin's expansion will create a huge demand for new commercial buildings. Office space in the city will increase from 13.5m square metres to 29m sq m by 2010; over the same period population is forecast to grow from 3.4m to 5m, according to the Institut für Stadtforschung und Strukturpolitik, a planning institute. The opportunities, therefore, for developers over the next 15 years are enormous, particularly as 70 per cent of the existing office stock is obsolete.

It is Berlin's short term prospects that are unclear. Already, one of the most sluggish markets in Germany has been transformed into one of the most expensive. Buildings that stood half empty two years ago have seen their rents quadruple.

And while the worldwide property recession has restricted the funds available for investment, the grim forecasts on the future growth in property prices has made Berlin's landowners reluctant to sell their buildings. The shortage of high quality buildings on the market have forced yields down to 5 per cent, even where there is little prospect of continued rental growth.

The reasons for the caution, however, go beyond the short term fluctuations in prices. There is extraordinary uncertainty about the future pattern of demand and supply.

In the time since the Berlin wall was torn down in 1989, demand from tenants has vastly outstripped supply. Companies wanting to be represented in Berlin have clamoured for a share of the inadequate stock of office space.

But it is unclear whether this pressure for space will be sustained over the next few years. Berlin's poor infrastructure, the lack of trained workers and the high cost of accommodation may deter companies from moving to Berlin.

There is additional uncertainty as to when and how long it will take to transfer the seat of government from Bonn to Berlin – a move which will also see embassies, international agencies, employers' federations, trades union headquarters and the media follow suit. Anything from between five and 15 years has been mentioned.

Yet there are other problems which will bog down developers. For instance, disputes about the ownership of sites that were expropriated by the former communist regime will slowdown virtually every developer on the eastern side of the city. Although a recent court case found that the claims of a previous owner should not be allowed to hold up development, nobody expects the arguments to be resolved swiftly.

So it is unclear when the first new building will be erected on the eastern side of the city. The favourite is the 120,000 sq m complex in Friedrichstrasse, to be built by a consortium including the US property company Tishman Speyer Properties, Bouygues, the French construction company, and the French Galleries Lafayette department store. Work will probably start at the end of this year, although the consortium is facing the inevitable legal challenge on its ownership of part of the land.

Even when questions of ownership have been clarified, developers can still expect to be held up by the planning process. No scheme on the eastern side of the city has yet received planning permission, according to Mr Stuart Reid of Weatherall Green & Smith, the chartered surveyors.

It is hardly surprising that dealing with the planning authorities is a drawn out process. The city is determined to do justice to the historical and symbolic importance of the land that has been cleared by the destruction of the wall.

Potsdamer Platz, the huge area of wasteland near the Brandenburg Gate, which was once packed with glitzy hotels, cafés and stores, and where Adolf Hitler committed suicide in his bunker, is the most controversial site of all.

First, the European Commission is investigating whether Daimler Benz and Sony, which bought much of the site relatively cheaply, received illegal subsidies from the city authorities. Second, the design of the square is the subject of heated debate. Daimler Benz claims that the planners' decision to restrict the height of buildings to 35m will produce monolithic facades, while Sony has called the planners' model unimaginative.

Another planning debate is likely to be opened up in the next few weeks when Berlin unveils its master plan for the eastern side of the city. This will go some way to moulding the future shape of the city.

Agents believe that prime areas in the western side (such as Kurfürstenmann) and the eastern side (such as Unter den Linden, the majestic avenue stretching out from the Brandenburg Gate) will ultimately resemble the west end of London and the City of London respectively.

The problems of determing future rents lie in assessing the importance of the areas that fall outside the core city areas. "It is really a guessing game," says Mr Harry Gross of Zadelhoff Deutschland, real estate consultants. He believes that a significant oversupply of office space may develop over the next five to six years outside the core areas of the city.

The western side of the city will, on average, command higher values than the eastern side, thanks to the higher quality of its infrastructure, shops and residential areas. The task of bringing the east of the city up to the same standards as the west is formidable.

"There is just too much to do there," says Mr Gross. "In some parts it looks like the Russian tanks have just moved out," he adds. The future pattern of rents in the city may also be affected by developments in the hinterland of Berlin. One such project which has already won planning approval is a DM 1.5m business park at Beelitz by the UK's Carroll Group.

So how well will the increase in demand match the increase in supply? In the face of so many difficult questions, it is no surprise that analysts disagree.

According to Mr Guy Duckworth of Healey & Baker, chartered surveyors, prime rents of DM 90 per sq m, may fall to DM 70-DM 75 in three years, as new buildings come on stream. "If you bought in the last year, you have a good chance of getting your fingers burned," he says.

Mr Stuart Reid of Weatherall Green & Smith, however, thinks demand will rise to match supply. In any case, the fundamental strengths of Berlin and its place in history will sustain continued interest from property companies. "Every long term investor will want real estate here," he says.

Since the Berlin wall came down, demand for a share of the city's inadequate stock of office space has vastly outstripped supply

CAPITAL GROWTH (%)

	Retail	Office	Industrial	All Properties
Year to Dec 91	-3.6	-14.9	-2.1	-7.9
Quarter to Dec 91	0.6	-3.1	0.2	-0.9
Month of Dec 91	0.3	-1.3	0.0	-0.4

Source: Investment Property Databank

INTERNATIONAL PROPERTY

National Gallery takes a bold line

'Richard Gallo and his dog Dick' by Gustave Caillebotte, on loan from the Josefowitz Collection

If you pass near Trafalgar Square any time between now and March 29, this is your chance to see the "Madonna and *Child with the Pinks" by Raphael. This* lovely masterpiece was painted when Raphael was in his mid-twenties. It was rediscovered only last year, hanging in Alnwick Castle, home of the dukes of Northumberland.

The "Madonna with the Pinks" was bought in Rome by Algernon the 4th Duke in 1853. The duke savoured the pleasure of owning a superb work by Raphael, who enjoyed the status of a minor deity in the eyes of 19th-century art lovers. But within a few years scholars had started to question whether it really was by Raphael. *Then in 1897, the* painting's fate appeared sealed when Bernard Berenson pronounced it a copy *by Giulio Romano.*

It was too much to bear; the painting was banished to a corridor. Here it was spotted last spring by the sharp eye of Nicholas Penny, the Clore curator of Renaissance painting at the National Gallery. After technical examination in London, the "Madonna and Child with Pinks" was found to be the celebrated lost original. Now cleaned and restored, this lovely picture can be compared with the Gallery's own two paintings of the Madonna and Child by the young Raphael.

Perhaps it has been a year or two, or longer still since you last visited the National Gallery. Perhaps you have *done the Sainsbury Wing* and not realised that the "old" Gallery is undergoing profound changes. The latest stage is a new display of the early 19th-century collection recently opened in three handsomely restored rooms in the east wing. (The galleries were paid for by Hazlett, Gooden & Fox, with matching funds from the Wolfson Foundation.)

Roughly speaking, the first two rooms exhibit what used to be called the "French School", *artists such as* Delacroix, Ingres, Corot, Courbet, Fantin-Latour and Moreau. The walls are clad in a deep red-pink fabric, almost the shade of the executioner's tights in Delaroche's "Execution of Lady Jane Grey". For good or ill, this huge history painting dominates the room. Rather comically, on the adjacent wall there is Puvis de Chavanne's "Beheading of St John the Baptist".

The third room is the first devoted to Impressionism. The others, which reopened last year, have incorporated the riches of the Berggruen Collection. False ceilings and hessian wall-covering have gone, the carpets have been taken off the wooden floors. There is now *air-conditioning in these rooms* – although by no means everywhere else. Impressionists and Post-Impressionists *hang* against a grey fabric which my eye tends to register as denim blue.

A chronological walk now takes you from young Ingres in Rome in 1811, painting the portrait of Napoleon's Chief of Police to the spectacular Picasso portraits from the Berggruen collection. The Sainsbury Wing has taken pressure off space so that many paintings will be coming up from the reserve collection where they have been visible, *although* relatively *few* visitors penetrate so far.

There is one striking oddity about the new hang. Why are the Goyas interspersed with Ingres? It is hardly an illuminating point that the two artists are so different. Compare and contrast, as they say. Goya's "Doña Isabel de Porcelor", a romantic portrait of an animated and sensual young woman, with "Madame Moitessier", close by. Ingres presented his wealthy sitter less as a flesh and blood woman than as a kind of salon Sphinx or a piece of gorgeously upholstered Second Empire furniture.

The Spanish interloper's presence in this otherwise resolutely French room is because the National Gallery is now *taking* a bolder, *freer* line with its hanging. Neil McGregor, the National Gallery's Director, feels transplanting Goya is understandable because of the intense interest artists in early 19th-century France showed in many foreign artists – Italian, of course, but also English and Spanish. Delacroix, *for* example, visited Spain and noted the Goyas he saw in his diary.

"There is a huge disjunction between art history as taught and as it is hung", McGregor points out. He speaks of the "enfeebling notion" of national schools which *dominated museum display from* the 19th century; the Gallery's new plan will "undo the nationalist thrust". In this respect, as in so many others, London and Paris grow ever further apart. McGregor rejoices in the fact when "le grand Louvre" is rehung, it will be along rigidly nationalistic lines.

At Trafalgar Square, the very word "Schools" has been banished from the labelling. The curators believe that to the unsophisticated public it conveys nothing at all – except occasional puzzlement as to precisely where these mysterious schools could have been located. The grand plan is that when the entire Gallery is completed – and that relies on sponsors coming forward – *it will have a firm chronological* backbone.

However, conservative readers need not feel unduly alarmed. A "no frontiers" policy has so far been only timidly applied. One example is a small room where Tintoretto, Elsheimer and El Greco hang together. Another is an international room grouping 17th-century full-length portraits including famous paintings by Velasquez, Van Dyck and Rembrandt. The "new" National Gallery which is slowly emerging may well have its *oddities. Yet we can be confident that it* will also be better labelled, better for the pictures, and a setting which visually will be vastly more in keeping with a great national collection.

Patricia Morison

Eric Clapton

ALBERT HALL

Eric Clapton's annual residency at the Albert Hall long ago ceased to be a string of concerts, let alone rock concerts. Like Horovitz with his piano and Stern with his violin Clapton is the total guitar master, the genius of his *generation. Even more than* Horovitz and Stern he makes it look easy, as he bends his guitar to strike out cries of human anguish and pleasure. I doubt if he even practices: you feel that if he could force his fingers on to bum notes the sounds would somehow come right.

No, the concerts are now just *as opportunity to assess Eric's* health, mental rather than musical. And the good news is *that the man is just fine.* Dressed darkly by Versace, his hair trimmed and his beard glinting grizzly in the spotlights, he could be a Mayfair art dealer, or perhaps a night club manager. *He is as* cool and *undemonstrative* as ever, driving home the contrast between the man and the tingling, manic, sounds that come from his guitar.

He has been accepted as God by his fans since the 1960s and none of the disciples in the *audience would want to forget* the real trauma he suffered in the past year: the loss, through a tragic accident, of his young son. But Clapton has used the experiencemusically, not cashing in but apparently expiating his grief through songs like "Tears in Heaven" and "The Circus left Town", performed seated and *acoustically in line with his* bass man Nathan East and guitar support Andy Fairweather-Lowe. The songs sounded maudlin rather than elegiac but it was a sensitive moment and earned Clapton a bouquet of red roses.

Around this subdued heart there was the anticipated ritual. There is no way he can escape from "Layla" however much he changes the intro, and the lovers in the audience (vastly outnumbered by parents giving their children a sight of stardom) would have expired if he had not played "*Wonderful Tonight*". It is done so tastefully, with such craftsmanship, that the banality almost becomes a human truth.

There was Cream for encores – "Crossroads" and "Sunshine of Your Love". Clapton is using a slightly larger band this year and with Fairweather-Lowe offering a spikey sound against Clapton's gold chipped playing the music was funkier, more rousing, than in the past. It might have nothing to do with contemporary art but it is a marvellous expression of communal worship.

Antony Thorncroft

Birthday

THE PLACE

It is difficult to understand just what the Cholmondeleys (Lea Anderson's all-girl troupe) and the Featherstonehaughs (*their* male companions) seek to do as dance and theatre. Maybe *the clue lies in a belief that the* jokey titles of the ensembles are sufficient guarantee of *style, and that supposedly* humorous mime, thinly armatured with dance, is justification for professional existence. What I have seen with these two ensembles in the past amounts to strip-cartoon theatre of the flimsiest kind, and Lea Anderson's new *Birthday*, unveiled this week as part of *the Spring Loaded season at* The Place, is as anaemic theatrically as it is uncertain in dance terms.

The six dancers of each troupe are involved in what I take to be satiric comments upon the idea of celebration – *from putting on one's glad-rags* to not being wildly happy with the presents that one is given. *The cast nip in and out of* various outfits, groom each other (a not wildly appealing sight), and spend *far too* much time playing with silver balloons. The creative process amounts to scenes of laboured dramatics interspersed with dance of minimal interest and curiously repetitive form. "If three people do it, it must be choreography" seems Miss Anderson's motto, and we see again those massed stamping *and wheelings, those fraught* trudgings, that I associate with her earlier work. The dancers potter about with a dead-pan air, and fulfil tiny tasks, whose most vivacious moment comes when three couples wrestle in their dressing-gowns.

Nowhere did I detect choreography as a valid means of exploring situation or *character, nor a concern for* dance as an art self-sufficient and powerful. Miss Anderson's sense of movement and her theatrical vocabulary provide an evening ineffably heavy-handed, with gesture as a emphatic decoration to dull steps. An accompanying score by Steve Blake was played by a jazz trio – The Victims of Death – and sounded muddy and rebarbative. It reflected exactly the quality of the *evening. Birthday is the fruit* of a Barclays New Stages Award.

Clement Crisp

The Creation

ROYAL FESTIVAL HALL

The heading above is not accidental. Although the Academy of St. Martin-in-the-Fields Chorus and Orchestra have recently returned from giving performances of Haydn's oratorio in Germany, they performed it there in English, *which may have surprised* audiences accustomed to hearing the piece as *Die Schöpfung*.

There are no great claims for authenticity to be made on this matter. A text in English was the spur for the oratorio's composition, but it was the German version, adapted and translated by Baron Gottfried van Swieten, that Haydn set to *music. Performances in* English (a re-translation back from van Swieten's German) are an inessential by-product of the work's history.

Unless the singers' use of the language gives new insights. At Tuesday's performance we had the tenor Anthony Rolfe Johnson, an artist one is always glad to see on stage, *but not often as welcome as he* was here. For not only did the make the English text come alive; *he was the only* participant who really wanted to put across the character of Haydn's score. Every phrase added something, down to the little aside "He made the stars also", sung with a twinkle in the eye that was delicious humour and wonderment, all in one.

The other two soloists were Amanda Roocroft and Michael George, a mostly appealing duo in this music, especially Miss Roocroft, whose youthfully radiant voice makes her one of the brightest hopes among British singers of the younger generation. But they did not take the opportunity to impart any new or deeper meaning through the words.

Unfortunately it was not that kind of evening. Neville Marriner has long ago settled what the classical style generally means to him and draws from his ASMF Chorus and Orchestra performances of *high* technical quality according to those precepts. Put in front of him a score which goes *beyond the basic classical* gestures, as *The Creation* does with its musical pictures, its humour, its reaching-out towards real profundity, and almost everything that matters about the work passes him by.

The warning signs came early *on*. When the choir intoned those magical words "And there was light", the *effect was neat, clipped – and* absolutely trite. Haydn's unique masterpiece was about to be despatched, with verve and marvellous accuracy and unfailing tonal beauty. But despatched it was all the same.

Richard Fairman

Chamber ensembles

ST JOHN'S, SMITH SQUARE/PURCELL ROOM

Such is the demand for major artists that musical events are often planned a year or two in advance. It has taken that long for the economic slowdown to catch up with musical life in London, but the period since *Christmas has been ominously* quiet and there seems little doubt that recession has now arrived.

In the circumstances one is even more grateful than usual for groups such as the Nash Ensemble and the younger Ondine, who rely upon a certain degree of adventure to keep up their *momentum*. At St John's, Smith Square the Nash presented two Russian programmes during the past week. According to a favourite recipe each was leavened with vocal items at its centre, but the real purpose was to provide a showcase for a pair of new Russian works.

The first of these was a *Nash Ensemble commission, Dedicace for flute, clarinet and string quartet* by Edison Denisov. *This was receiving its* first performance. A single note is intoned and then the other instruments cluster around, pressing first above in pitch and then below, until gradually the scope is widened. A clear academic idea is at work here, but the music's most beguiling aspect is the way it combines string and wind sonorities, often in the same register, to produce some strange and beautiful sounds. At under 20 minutes, not a major premiere, but a pleasing one.

Wherever Denisov is heard, the music of Elena Firsova is not usually far behind. Unlike her compatriot, Firsova has chosen to remain in Russia and yet her style admits even more of the cosmopolitan, often French influences than does his.

At the second Nash Ensemble recital on Wednesday that was certainly the case with her *Odyssey* Op.44, for mixed wind and string sextet with percussion. A delicately Gallic appreciation of sound was always to the fore, but there is a greater, more personal expressive content with Firsova and the music moved *quickly through different* phases.

In this respect it was *a journey, as its title implies,* culminating in a visionary final section, where the music disappeared up and away into a mysterious ether *of* string harmonics, harp and bells. Like the strange traveller who commissioned the work, claiming it would be taken on a unique voyage by a lone rower from Russia to the US, and then went off never to be seen again.

★

By crossing the river smartly *from St John's I was able to* follow the Firsova work (a first UK performance) with the second half of Ondine's French programme at the Purcell Room. This included a rare performance of Fauré's song-cycle *La Bonne Chanson* in the arrangement which the composer made for string quartet and piano, only to *regret the idea fairly soon* afterwards. In fact, it worked well in this venue, the voice fairly easily audible, the strings (including the optional double-bass) adding an attractive depth of resonance.

The soloist was the soprano Patricia Rozario, who has a nice mix of purity and heartwarming grace in her *voice. As long as a stream of* relaxed tone was called for, her singing was indeed wholly lovely, but there was not enough bite to the sound or a sufficient grip on the words to dig much deeper. An attractive programme nonetheless, decently well played, worth seeking out.

Richard Fairman

Self Portrait

ORANGE TREE THEATRE, RICHMOND

Alastair Muir

Barbara Marten as Gwen John

Gwen John was the sister of Augustus, perhaps the best known British painter of his time *around the First World War; she was attracted* to women, but was also a mistress and inspiration of the sculptor, Rodin. Born in Wales and disliking London, she spent most of her adult life in France. She became a catholic in 1912, was remarkably attached to cats, some of which feature in her paintings and drawings. She died in 1939, a strange and haunting woman.

Her brother remarked presciently that her work would be remembered long after his own fame had declined. Augustus was right: it is *Gwen John's painting, not his, that is* prominent in the major galleries today, though it took an American patron, John Quinn, to persuade her that her work was worth buying.

Even oversimplified like that, this is a big and complex story, perhaps too much so to be put successfully on stage. But it certainly has its attractions, especially to women. The main question is whether it can be adapted in a way comprehensible to people unfamiliar with the background. Sheila Yeger has had a *shot at it, encouraged by the director Annie* Castledine.

The first performance was in 1987 at Theatr Clwyd, which commissioned it. The production at the excellent Orange Tree Theatre in Richmond is new, but is again directed by Ms Castledine. Undoubtedly it has its charms. The conventional criticism of Gwen John's work when she was alive was that the scale was too small. Here a score or so of her canvasses are shown from the ceiling; others appear periodically on slides. There can be *few questions now about* the quality: it is outstanding.

Rather than simply try to tell the Gwen John *story, however, Ms Yeger has* sought to draw a moral. The setting is a contemporary exhibition of her work. The gallery is run, and the private view attended, by some pretty stock characters: all-purpose arts journalist; neurotic female trying to write a novel; and a TV arts producer. Their quarrels alternate with Gwen John's drama, her scenes with Rodin and so on, enacted on the gallery floor. The moral is that unhappy women today can draw encouragement from her example.

That seems to be pushing it a bit. Gwen John was an extraordinary character by any standards; the contemporary characters in Ms Yeger's play are made out of cardboard. Thus there is no parallel between past and present. The complexity of the plot is also *made hard to* follow by multi-part playing. Richard Howard plays the TV producer, Edwin John – Gwen's *father; Augustus John;* and *Rodin. He is at his* best as Rodin.

Barbara Marten plays only Gwen John and at times does it remarkably well, never more so than when she is modelling for Rodin. This is a splendid part slightly bogged down in more mundane material. The gallery where the action takes place is designed with some flair by Steven Richardson. But in the end it is an intriguing rather than a compelling evening.

Malcolm Rutherford

INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

The Vienna Philharmonic Orchestra is celebrating its 150th anniversary with a series of concerts around the world during the next six weeks. A self-governing body made up almost exclusively of Viennese-born and trained musicians, it has long enjoyed a reputation as one of the world's great orchestras. Its first conductor was Otto Nicolai, and others closely associated with it over the years have included Hans Richter, Gustav Mahler, Wilhelm Furtwängler, Bruno Walter and Herbert von Karajan. Instead of having a music director, the orchestra regularly invites the world's leading conductors to direct it in a concert series, which it organises outside its work for the Vienna State Opera.

The anniversary itself falls at the end of March, and will be marked in Vienna's Musikvereinsaal by concerts conducted by Riccardo Muti (March 22) and Claudio Abbado (March 28 and 29). Before that, the orchestra undertakes a world tour. The opening concerts at the Théâtre des Champs-Elysées in Paris (Feb 23 and 24) will be conducted by Carlos Kleiber.

The orchestra then flies to New York for two concerts at Carnegie Hall conducted by Lorin Maazel (Feb 27 and 28) and one concert in Washington (March 1). Japan will be the final destination of the tour. Carlos Kleiber will conduct in Osaka (March 5 and 6), Nagoya (March 7) and Tokyo (March 9, 10, 12, 13).

Vienna stages its annual dance festival (Tanz '92) over the next three weeks, with most events taking place at Ronacher (tel 513 8565). Highlights include a Roland Petit production entitled Ma Pavlova with the Ballet National de Marseille (Feb 24, 25, 26), Mats Ek's Cullberg Ballet production of Swan Lake (March 3, 4, 5), the National Ballet of Zaire (March 6, 7, 8, 9) and five modern dance groups from New York. The festival opens next Tuesday with the Bremen Theater's production of Macbeth. The Doug Elkins Dance Company gives the final two performances (March 28 and 29).

EXHIBITIONS GUIDE

BALTIMORE

Walters Art Gallery The Art of Sir Lawrence Alma-Tadema (1836-1912): 49 works spanning the career of the Dutch painter who specialised in genre scenes set in Greece, Rome and Ancient Egypt, and who settled in England *in 1870. Ends April 5. Closed* Tues (600 N Charles St, 410-547 9000)

BARCELONA

Museu Picasso *Picasso: Rose* Period 1905-1906. An exhibition of 18 oils and nearly 120 drawings and gouaches, covering that most cherished chapter in Picasso's development, his portrayal of harlequins, jesters, acrobats and other circus entertainers. The most important loan is Acrobate à la Boule from Moscow's Pushkin *Museum. Ends April 19. Closed* Mon

Fundacio Joan Miró Art Works: *a selection of paintings from the* Peter Stuyvesant Foundation, covering a wide range of artistic movements *in the postwar era*, with work by Max Bill, Dibbets, Dorazio, Blais, Calvo, A R Penk and Warhol. Ends March 22. Also Paco Vecas: the latest in a series of exhibitions entitled The Vigour of the Ephemeral, exploring the process of evolution in the act *of artistic creation. Ends March* 1. Closed Mon

Fundacio la Caixa Modest Urgell (1839-1919): 70 drawings and paintings by the pre-Symbolist artist whose favourite subject was the rural landscape of his native Catalonia. Ends April 5. Closed Mon

DUSSELDORF

Kunstmuseum Venice's Fame in the North: a major show of 155 outstanding Venetian 18th century paintings and drawings by Carlevaris, Tiepolo, Piranesi and others, on loan from an *international range of museums.* Ends April 26. Closed Mon

FRANKFURT

Stadel Max Klinger (1857-1920): the most comprehensive collection yet assembled of sculptures, paintings and drawings by the Leipzig artist. Ends June 7. Daily

Deutsches Architekturmuseum Antonio Sant'Elia: 400 drawings by the revolutionary Italian architect who devised the Citta Nuova project of a utopian metropolis shortly before his premature death in 1916. Ends May 17. Closed Mon

GLASGOW

Hunterian Art Gallery Scottish *Drawings and Watercolours:* McTaggart, Walton, Mackintosh, Redpath and Eardley are among *the artists represented in this* exhibition of 50 works covering the period 1870-1970. Ends April *16. Closed Sun*

LAUSANNE

Foundation de l'Hermitage Fifty Years of Vaudois Art: 200 paintings, drawings and sculptures from the period 1890-1940, by artists including Bocion, Chinet and Vallotton. Ends May 10. *Closed Mon*

Musée d'art contemporain Robert Mapplethorpe: 170 black and white photographs, ranging from portraits to still lifes, nudes and erotic scenes, by the New York artist who died of Aids in 1989. Ends March 15. Daily

Musée des Beaux-Arts *Louis* Ducros (1748-1810): a selection of the 450 works in the museum's Ducros collection, illustrating the influence on the Vaudois artist of his Italian travels. Ends March *22. Closed Mon*

LOCARNO

Casa Rusca Alberto Burri (b1915): retrospective of the Umbrian artist known for his thematic cycles, expressive colours and lacerated collage effects. Ends March 1

LONDON

Institute of Contemporary Arts Ian Hamilton Finlay: Instruments *of Revolution. The Scottish artist* uses landscape gardening, fragments of classical architecture, concrete poetry and epithets from the French Revolution to launch a witty assault on the follies of modern times. Ends April 5. Daily

Tate Gallery Turner: watercolours and drawings 1830-1840. A survey of Turner's development as a *draughtsman during* a decade when he was at the peak of his maturity, including dramatic colour *sketches of Venice and an* engraved series of picturesque views in England and Wales. Ends *May 10. Daily*

National Gallery Raphael's Madonna with the Pinks: first public display of a painting probably made in 1508. Long assumed to be lost, it was discovered recently at Alnwick Castle in the collection of the Duke *of Northumberland. Ends March* 29. Daily

Victoria and Albert Museum Green Images: graphic design in environmental protection campaigns. Ends May 25. Also 25 years of the Queensbury Hunt Design Group. Ends May 1. Also the *Art of Death. Ends March 22.* Daily

Royal Academy of Arts Andrea Mantegna: major collection of work by the great early Renaissance *painter. Ends April* 5. Daily (Tickets can be booked in advance on 071-287 9579)

NEW YORK

Metropolitan Museum of Art Barbizon: paintings, drawings and pastels by six masters of the French 19th century school of *naturalist landscape. Ends May* 3. Closed Mon

Museum of Modern Art The William S Paley Collection: paintings, sculpture and drawings from the late 19th century to the 1970s, including works by Cézanne, Gauguin, Degas, Picasso and Matisse. Ends April 7. Closed Wed

PARIS

Grand Palais Toulouse-Lautrec: to cope with the large numbers *of visitors expected at this major* exhibition opening on Feb 22, a system of advance booking has *been organised. Tickets can be* booked by phone on 4804 3886

Musée des Antiquités nationales The Stuart Court at Saint Germain en Laye at the time of Louis XIV: 35 paintings by Gennari, Largillière, Mignard, De Troy, Belle and others dating from the French exile *of James II and the* Old Pretender. Ends April 27. Closed Tues (Château de St Germain en Laye, more information on 3451 5365)

Fondation Mona Bismarck Masters of the Goodwood Collection: mainly 18th century paintings, *furniture, porcelain and objets* d'art collected by the Dukes of Richmond and D'Aubigny. Ends March 22. Closed Sun (34 ave de New York)

Musée des arts decoratifs René Lalique: goldsmith and artist in glass, who works in the art *nouveau style. Ends April 5.* Closed Tues (107 rue de Rivoli)

Musée des arts decoratifs (Palais du Louvre) Dubuffet. Ends March 29. Closed Mon and Tues (pavillon de Marsan, 107 rue de Rivoli)

Artcurial Zao Wou-Ki: abstract paintings 1976-1991. Ends March 28 *(9 ave Matignon)*

Musée des Arts de la Mode Elegance and Fashion in 18th century France: 80 exhibits *from* French Regency to the Revolution. Ends March 31. Closed Mon and Tues (107 rue de Rivoli)

Musée d'Art moderne Alberto Giacometti. Ends March 15. Closed Mon (11 ave President Wilson)

WASHINGTON

National Portrait Gallery The Levy Franks Family Colonial Portraits: seven portraits dating from 1725-1735, among the few surviving paintings *of this type* from the colonial era, plus correspondence and family silver. *Ends May 31. Also Lincoln and* His Contemporaries: Photographs by Mathew Brady. More than 60 prints from the original glass plate negatives. Ends July 12. Daily

Corcoran Gallery of Art *Songs* of My People: 150 black and white photos documenting African-American culture and family life. Ends May 3. Also Photographs by Sebastiao Salgado focusing on oppression and poverty around the world. Ends *March 22. Closed Mon* (500 17th St., N.W.)

National Gallery of Art Gerard David's *St Anne Altarpiece. Ends* May 10. Ends March 1. Daily

Textile Museum Language of Stitches: folk embroideries of India and Pakistan. Ends July 27. Daily

Hirshhorn Museum Martin Puryear: 35 works by the Washington-born sculptor. Ends *May 10. Daily*

ZURICH

Graphische Sammlung der ETH Joseph Beuys: 50 pencil drawings from the Grinten Collection, distinguished by their gentle appearance, precision and underlying energy. Ends April *10. Closed Sat and Sun* (Ramistrasse 101, Tram 6, 9, 10)

FINANCIAL TIMES

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Piling jobs on the pyre

YESTERDAY'S sharp rise in UK unemployment should not have come as a surprise either to the government or to City economists. Changes in unemployment always lag the economic cycle, as the chancellor was wont to observe last year while sniffing for shoots of economic recovery. But these shoots, if they ever really existed, have browned and died over the last few months, as the renewed acceleration in unemployment belatedly confirms. The result is that it is the Labour party, not the economy or the government, that now has a spring in its step.

Talking up the recovery was always going to to be a risky strategy for the government. Last autumn's pick-up in confidence was neither reflected in higher spending nor rising output. The patience of businesses, their bank managers, and perhaps voters too, cannot last indefinitely.

Little wonder that confidence has dived, to be followed by a new wave of redundancies. Unemployment has now risen by a hair short of a million since the recession began, similar in sum to the last recession but at a faster pace in its early stages.

Why was the rise in unemployment unusually rapid early on? Hiring and firing is certainly easier in deregulated post-Thatcherite Britain, especially in the non-unionised service sector. But unemployment also rose more quickly in manufacturing. Perhaps exporters have taken on board the need to remain cost competitive within the European exchange rate mechanism. Manufacturing unit labour costs may still be growing faster than in other European countries; but they are growing at half their rate of June last year.

Job-shedding

Sadly, this adjustment to the ERM has so far occurred predominantly through job-shedding rather than lower pay inflation. Wage inflation remains stuck above 7 per cent, higher than in pre-recession Germany. Manufacturing (though not service) pay settlements do appear to have fallen further, though not far enough. Manufacturers, needing to reduce unit costs and apparently unable to reduce pay awards, have resorted to the only other means available: cutting jobs. Output per head has been on a rising trend since March of last year, a full quarter earlier than at the same stage of the cycle in 1980-81. It has risen, despite falling output, because employment has fallen faster. Nowhere is this Neanderthal approach to reducing pay costs more stark than at high paying, low productivity, loss-making, job-shedding, Ford UK.

Squeezed margins

Yet despite the pain, the adjustment to the ERM is not yet half complete. UK wage inflation remains twice as high as it must be if what remains of British industry is to hold its ground in Europe. Producer price inflation has fallen, but only at the expense of squeezed profit margins.

Only when wage inflation has fallen below 4 per cent will full adjustment be in sight. Tragically for the long-run health of the economy, as well as the short-run health of many of its citizens, unemployment is the only mechanism that anyone is willing to use to get there. More rational solutions involving more co-ordination, synchronisation and discussion about sustainable rates of wage inflation have simply, and shamefully, been ignored.

At least the current, southern-biased recession means that manufacturers of traded goods, and their ex-employees, are not bearing the full adjustment cost. The wider and deeper the recession, the swifter the adjustment to European rates of inflation and the better the prospects for sustained recovery.

Yet this prolonged, and maybe even deepening, recession will damage the government's confidence in its election prospects. Recovery will not begin until affluent, southern consumers start feeling confident about borrowing again, something that Mr Lamont will no longer be willing to count on. That the Department of Employment felt the need, yesterday, to issue a new booklet entitled Jobhunting – A Guide for Managers, Executives and Professionals suggests the recovery may still be some way off.

Long road to an Emu

MAASTRICHT represented the end of the beginning in the European Community's progress towards economic and monetary union. The heads of government of the European Community there agreed on an apparently final deadline of 1999. But, as perusal of yesterday's speech by the governor of the Bank of England, Mr Robin Leigh-Pemberton, makes clear, much that will determine Emu's workings and much that will prove politically challenging remain obscure.

Emu raises many questions, some technical; but the most important are political. As the governor stresses, the Emu now agreed has become feasible only because of the prevailing consensus on free markets and price stability. Emu will come about only if that consensus is acted upon.

The governor believes it will be. In view of the loss of credibility that would now follow failure, one must hope he is right that "assuming no really major disruptions, the relevant question is perhaps not whether Stage 3 will start in this century, but how many countries it will involve, and which they will be".

Yet even if Emu will happen, it remains unclear how it will work. Will there be monetary targets and, if so, how will they be determined? Should there be reserve requirements? And where might the European central bank be located? (In lovely, liquid London, pleads the governor).

Fundamental questions

These matters, important though they are, pale next to the fundamental political questions raised by Emu. Above all, the workability of Emu depends on acceptance of the German approach to economic policy. This does not mean that monetary policy becomes a technical matter, like cleaning the drains. It means that political decisions can be legitimately taken by a non-elected body.

The Bundesbank does not pursue a precise objective labelled "price stability". On the contrary, the D-Mark has lost more than two-thirds of its value since 1948. What the Bundesbank tries to do, instead, is to hold down the rate of change of prices. This policy involves large doses of judgment, not merely about policy means, but about ends; about, for example, how much disinflation may be appropriate to achieve how rapid a reduction in inflation.

German consensus

What permits the Bundesbank to make such judgments is the German consensus on what policies should be like, not merely monetary policies, but fiscal and exchange rate policies as well. The governor is right to stress that consensus, not any treaty, is what will make Emu workable. If the German consensus were shared by all main participants, they would not force inflationary exchange rate policies upon the ECB; nor would they pursue irresponsible fiscal policies. But there can be no guarantee that the German consensus – some might say the erstwhile German consensus – will operate throughout the EC, a worry that has now seized a German polity already shaken by German economic and monetary union. If the consensus were to disappear, so would Emu.

Emu will also have large implications for fiscal policy. It is almost inconceivable, for example, that greater efforts would not be made to prevent a country from adopting a fiscal policy as anti-communautaire as the one the Germans are pursuing today.

Contrary to the governor's view, fiscal transfers will also increase – not merely because the poor countries want them. It is not that transfers are needed to achieve convergence and integration (though they would be if the EC were to implement the more nonsensical parts of its proposed social charter). It is rather that larger transfers will be needed to deal with regionally differentiated shocks in the absence of exchange rate flexibility.

At Maastricht the EC agreed on a long and difficult journey. But this is not just an economic journey. Emu demands political commitment and requires political consensus. Greater political integration will be the outcome of a successful Emu; but a deep consensus is the principal precondition for its success.

Akio Morita, chairman of Sony, shares his views with **Charles Leadbeater**

Japan's Talkman

Mr Akio Morita, the chairman of Sony, stood on the trading floor of a Wall Street stockbroking company, filled with bright young men watching computer screens displaying flickering share prices. He turned to one of them and posed his question about the nature of American capitalism: "How far ahead do you look when you make decisions?"

The young man shrugged: "Ten minutes."

The revelation shook the questioner: "It was a big shock for me because usually we look 10 years ahead."

What the stockbroker's remark revealed – however facetiously – was the extent of the clash between the cultures and values of Japanese and American capitalism. It is a conflict that increasingly preoccupies Mr Morita, Sony's co-founder.

He has good reason to be concerned that relations between Japan and America are becoming more strained and distant. Sony's business depends upon a cultural bridge between the two countries.

The consumer electronic hardware for which Sony is famous – stereo systems, tape recorders, video-cassette players, televisions – largely entertain people by playing American films, programmes and music made in the US: entertainment software, in the industry jargon.

Sony's financial power is founded upon the success of its manufacturing base in Japan. This has funded its recent acquisitions in the US entertainment software business, most notably the $6.5bn it paid for Columbia Pictures in 1989 and the $2bn acquisition of CBS records the year before. By buying these businesses, Sony is seeking control over both software and hardware.

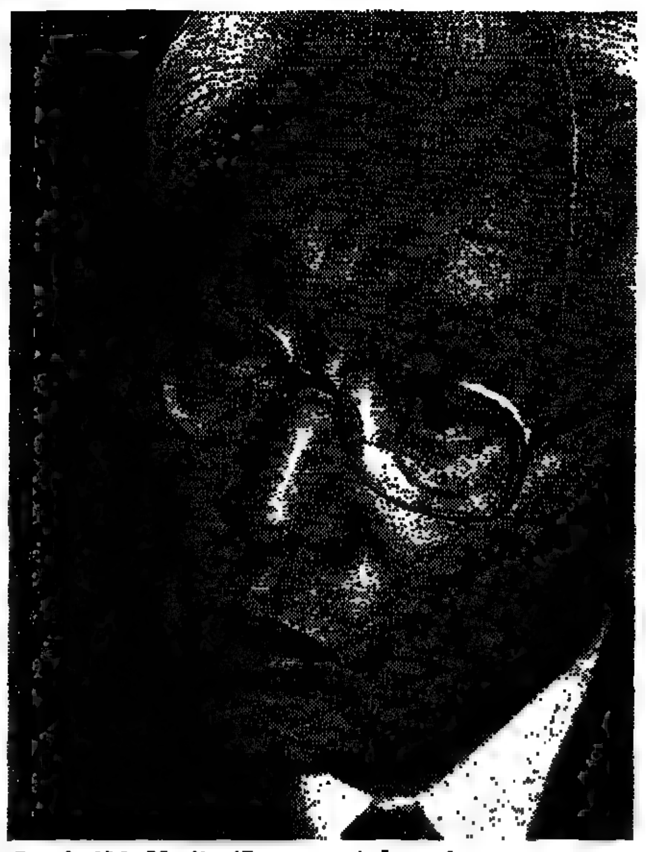
As the company stands on legs spread between Japan and the US, it is not suprising that Mr Morita believes it imperative that trade conflict should not pull them apart.

The career of the 70-year-old Mr Morita was in part devoted to increasing exports of consumer electronics, the very products that have come to form a large part of the trade surplus which trading partners complain so loudly about. Now in the twilight of his career, he sees his role as soothing, the tensions generated by the surplus.

Mr Morita founded the Tokyo Telecommunications Engineering Corporation with his partner, Mr Masaru Ibuka, in 1946, two years after graduating from Osaka Imperial University's physics department. The company's name was changed to Sony in 1958.

He is widely admired by fellow engineers and senior executives in the west and Japan for his combination of technological prowess and business acumen. He has turned the company into a multinational group with 1990 sales of Y2,880bn (£12.6bn) and pre-tax profits of Y267bn. His ingenuity in inventing the Walkman portable personal cassette player has made him a more public figure than almost any other Japanese industrialist.

A glint in his shiny blue eyes marks his passion for bright ideas and unconventional thinking. But that is only one side of him. He can also fix people with the steely gaze of a highly determined and driven individual.



Sony's Akio Morita: 'Japan must change'

In the west he is widely acknowledged as the epitome of Japanese business success. Inside Japan, however, he is more often seen as a maverick, a self-appointed apostle of radical reform in debates about Japan's future economic and political role in the world, a subject most executives discreetly steer clear of.

He entered the fray last month with a controversial article in the Bungei Shunju, the monthly business and cultural magazine which called on Japan to "re-invent itself to blend with the prevailing attitudes and practices of international business", or face mounting attacks from the US and Europe for being closed to foreign competition.

Mr Morita believes that government agreements to manage trade frictions do not attack the heart of the issue. What will resolve tension in the long run is a deeper reconciliation of the values and customs of Japan, Europe and the US, particularly in their attitudes towards work.

Mr Morita's idea is what he calls a long-term harmonisation of social structures and customs to establish a fair basis for global competition.

He explained: "Japan must change. We are doing business all over the world, society is becoming borderless. The concept of competition must be considered in that light. The social costs of Japanese companies might be less than those US and European companies pay. It may be that difference which makes it difficult for them to compete. So in the long run we have to harmonise social conditions."

Over time, Mr Morita says, Japan should develop some of the characteristics of the European and US economies: instead of wealth accumulating in the hands of companies, more of it should pass into the hands of workers and consumers in the form of longer holidays, better pay, a shorter working life, a better environment and quality of life, particularly improved housing.

Mr Morita believes Europe and the US have to change a lot, too. His implication is that they are still too slow to learn from what has made Japanese companies successful. Western companies pay top management far too much and those executives often have the wrong attitudes. "Top management must regard employees as humans not tools," he says.

Indeed, he suggests that many of the difficulties of western companies stem from the shortcomings of senior executives. Although he found his experience on the Wall Street trading floor shocking, he does not accept that short-termism is simply the fault of financiers. Companies are also to blame, he says.

While Mr Morita believes Japan should rethink aspects of its work culture, he does not believe Sony's business strategy is in need of a similarly far-reaching reassessment, despite the sense that growth is slowing in the consumer electronics industry.

Sony's pre-tax profits fell by 25.7 per cent in the six months to last September and it warned that business conditions in the second half would be even more severe. Along with its competitors, Sony is pumping huge sums into new products, such as high-definition television, which are still a long way from earning adequate returns.

Mr Morita faces down this gloom with a bullish account of the outlook. "Consumer electronics will continue to grow because we have many, many new applications of electronic technology for consumers, not just for entertainment but for household uses and in communications." He is confident on several fronts.

The technology inside consumer products will become increasingly sophisticated to make them easier to use, he says. Simple devices like video recorders and televisions already contain small computers which control them. Those computers will become increasingly powerful, making the products they run ever more flexible and intelligent.

Computers as such account for very little of Sony's sales. But it has set itself the goal of making 10 per cent of sales from computers in the late 1990s, partly through forging alliances with groups such as Apple Computer, the US personal computer maker.

The integration of computers and consumer electronics will be matched by the growing integration of software and hardware, he believes.

Mr Morita identifies three other factors which should feed the industry's growth: the extension, mobility and interconnection of products.

Electronics will spread, to transform products which as yet it has only just touched: notebooks and diaries will be replaced by small computers. Ordinary kitchen appliances will be controlled by them.

Products will also become increasingly mobile; they will be linked to people rather than places. Mr Morita thinks the portable telephone will be an important product for the future.

This profusion of more mobile products will only be possible if they are connected to one another by telecommunications and satellite links. The growth of consumer products will rest upon these infrastructures being extended internationally.

Mr Morita has been like a powerful micro-processor, pumping away inside his company, turning ideas into technology, technology into products and products into money. But is it now time for a younger generation of management to take over? The response is clipped: "There will be no changes in our administration this year."

Having called the Japanese to consider working fewer hours, some might suggest he should take a lead by retiring. At that kind of remark the glint in the Morita eye dims and the determined gaze descends.

Waiting in the wings

Charles Leadbeater and Roland Rudd on the Hanson succession

When Lord Hanson, chairman of the acquisitive conglomerate that bears his name, rises to address fund managers in London today, they will be keeping a close eye on his shirt cuffs to see what he has hidden up his sleeve.

Something is hiding there. At Hanson's annual meeting last month, the 70-year-old chairman told shareholders that successors had been identified to take over from him and the 69-year-old co-founder of the group, Lord White. But he declined to name them.

Their identity is unlikely to be revealed at today's first full presentation to British institutional shareholders since 1988. Yet the question will increasingly be asked: who are the mystery men?

The lords have tried to defuse the issue since they announced last year that they would stay on until 1997.

The briefing today is the latest step. Lord Hanson will parade a clutch of his top managers, including Mr Iri Englehardt, president of Peabody mining, Mr Donald Borst, chairman of SCM Chemicals from the US, Mr Ronald Fulford, chairman of Imperial Tobacco, and Mr David Snowdon, managing director of the London Brick Company.

But they will not be presented as potential successors. The point is to show that there is strength in depth. As one adviser to Hanson put it: "James (Hanson) has been stung by criticism surrounding his management style. He is anxious to show the world today that there is a lot of talent in his company that will continue with or without him. So there is no need to name a successor."

It is unlikely to allay the concerns of some institutional shareholders, who are growing restive. They are particularly concerned about the role of Lord White, following the controversy over the use of company funds to make failed investments in bloodstock.

Lord Hanson's loyalty to his partner is unconditional. The two have complementary skills: Hanson is the operator and administrator, White the deal maker. Having risen together, they will probably step down together. So the task is not just to find a couple of able executives but a partnership which provides that combination.

They could reach deep into the organisation to bring up a young entrepreneurial executive with the energy and flair they exhibited when they started out in business together in 1963. The problem is that because the two lords play such a central role in the company, people with entrepreneurial ambitions have tended to leave.

Former Hanson executives are flowering in British industry, most notably Mr Greg Hutchings at the conglomerate Tomkins. One option would be to bring back someone like Mr Hutchings, possibly through a takeover. The drawback might be Lord Hanson's sense of loyalty to those around him, which might prevent him installing an outsider.

It is unlikely that Lord Hanson would appoint a pair of senior divisional operating executives to the top posts. While such managers are highly skilled at running individual parts of the business, they have no record of identifying and masterminding the type of big acquisitions that fuelled Hanson's growth in the 1980s. The appointment of operating chiefs would signal to shareholders that Hanson was shifting strategy.

The main candidates are thus likely to be a group of long-serving Hanson senior executives who are responsible for broader aspects of the overall business.

Mr Derek Bonham, the 48-year-old finance director is a prime contender, the architect of Hanson's sophisticated tax and financial systems which have played a vital role in maintaining the group's financial performance despite recent poor trading results. A former colleague says of him: "He is very bright, has a grasp of the whole business, a formidable character."

Mr Tony Alexander, Hanson's 53-year-old chief operating officer in the UK, is described by one Hanson financial adviser as "clinically ruthless and extremely able". Mr Alexander is the man who often goes into acquired companies to start rationalisation. A conglomerates analyst says: "There is something of the grim reaper about him."

His counterpart in the US, Mr David Clark – described by Lord White as a brilliant manager – is also a candidate.

Yet Hanson still has the feel of an old-fashioned family business and there are two family options. Mr Christopher Collins, director of corporate development, is a former jockey married to Lord Hanson's niece. He is a chartered accountant, reputed to be personally wealthy after selling his family's Goya perfume business. He played a central role in deciding that Hanson should buy its 2.8 per cent stake in ICI.

The other is Lord Hanson's 38-year-old son Mr Robert Hanson, who trained as a merchant banker. The row over Hanson's personalised management style in the past year must make it less likely that the top seat will be handed down to the family heir.

However, a former Hanson executive warns against expecting the lords to do anything obvious. "They will be thinking how best to serve the shareholders," he says. "That could involve something really dramatic, like selling most of the businesses and giving the money back to shareholders."

Tale of two sisters

The contrast between the management styles of BP and Royal Dutch Shell can rarely have been sharper than now.

Yesterday saw Royal Dutch Shell quietly reshuffle its top management team, with Sir Peter Holmes being annointed to take over from Lo van Wachem as top dog. While over at BP a terrible set of figures underlines the questions already being asked about the performance of chairman Bob Horton.

Horton gave a slick presentation, and if there are political machinations going on, they can only be guessed at. Since he has only been in the job a couple of years there is no need for there to be a clear successor yet. On the other hand, his apparent unpopularity with segments of his own staff and with a swatch of the investment community, does raise the doubt.

The problem is that unlike Shell, where Cornelius Herkströter is already being groomed to take over from Sir Peter, BP has no obvious successor to Horton. But while Royal Dutch Shell's conservative and bureaucratic management style has its attractions, it also has its disadvantages.

Sadly for Holmes, who hasn't much time to make his mark on what is one of the fatter of the old seven sisters, even the strongest punches can be smothered by red tape.

OBSERVER

Out of touch

■ It may be called the New York Metals Exchange (Nymex), but don't expect it to deal in metal. Such at least is the impression just gained by Impala Platinum.

The beleaguered South African producer has had to buy a total of 70,000 ounces of platinum in the market because of production shortfalls caused by labour unrest. A proportion of this was obtained by taking physical delivery on outstanding futures contracts.

Impala's chairman, Brian Gilbertson, now reports that the company has received a "snotty" letter from the chairman of Nymex. If Impala continued to insist on taking delivery of metal, it said, Nymex would have to consider blacklisting the company.

Apparently the Nymex argument is that the exchange is merely in the business of supplying a price. But Gilbertson reckons it is very frustrating to have the price set by someone who will not take or deliver metal.

"If ever there's an argument for producer pricing, this is it," he maintains.

Torch songs

■ For golden disc, read "Red Sun". Sales of a cassette album with that name have soared to 1.7m copies in China, to the pique of the reformists struggling against conservatives in the country' leadership.

The album, which might be subtitled "Hits of the Cultural Revolution", consists of 30 songs deifying Mao Tse-tung which were popular when his devotees were burning books, smashing temples and purging intellectuals in the late 1960s and early 70s.

The cassette is produced by China Record's Shanghai branch whose manager, Zhou Jianchao, says his company decided to "dig up" the songs as a change from the Taiwanese and Hong Kong pop that dominates China's music industry. They're popular because they're familiar, he explains.

But they jar the ears of Shanghai's Liberation Daily paper. Calling on China's music writers to come up with new songs more suited to the times, it declared: "We cannot again create a god and a personality cult."

Invisible

■ Nelson Mandela went out of his way on his recent London visit to encourage foreign investment in a post-apartheid South Africa. But the message, as usual, does not seem to have reached his colleagues in the African National Congress.

Some 20 merchant bankers – the middlemen for future investment – have just held a seminar in Johannesburg sponsored by British Invisibles, the City's committee on invisible exports. Officials of the ANC's economics department were invited, and would have found it a useful gathering... if they'd bothered to show up.

Misbehaviour

■ Nice to see Francis Maude, the minister in charge of the citizen's charter, wearing his name-badge at a seminar organised by London Electricity to report on its customer charter. As he pointed out, the charter requires increasing numbers of faceless bureaucrats to wear badges on the assumption that they will behave differently if they can be identified by name.

However, departing from his usual anonymity didn't seem to prompt Maude to behave differently from the ministerial norm. Not only did his speech begin 20 minutes later than scheduled, but he failed to offer financial recompense to the audience.

Perhaps he'd forgotten that the citizen's charter encourages the swift dispensation of £10 notes to customers kept waiting by meter readers, repair men and suchlike.

Pride swallowed

■ Yesterday being the 300th anniversary of the Glencoe massacre, how did the Macdonalds and their ceremonies to mark the treacherous slaughter of 37 of their ancestors by troops headed by Archibald Campbell, 10th Duke of Argyll?

They had lunch at the Glencoe Hotel. And what is its manager's name?

Lorne Campbell.

In the kisser

■ On this, St Valentine's day, Observer is happy to pass on some hints from "Snogging – a beginner's guide to the art of kissing".

For a start, amateurs should realise that a kiss which speaks volumes is seldom a first edition, and a flirt is a woman who thinks it's every man for herself. And if you tell your lover "I love you terribly" you run the risk that he/she may agree with you. Moreover, those of a certain age should remember they can keep their teeth out of the way by slipping them in a pocket.

The book, which lists the pros and cons of inviting your first date to share a pew with you in church, is published by HarperCollins Religious Publishing. Observer is gobsmacked.

Nervousness north of the border

Scotland's business community is worried about possible political upheaval, writes James Buxton

The possibility of constitutional change after the British general election – *whether devolution or outright independence* – is sending shivers through Scotland's business community.

The unmistakeably urgent tones in which the possibility of political reform is being discussed suggest that proposals from the Scottish Nationalist party and the Labour party are being taken seriously for the first time by businessmen. Both parties have put it firmly on their agenda. The former endorses outright independence, the latter a devolved parliament with the power to raise some taxes. Even the *Conservative party, faced with* opinion polls that indicate most Scottish people favour independence, may have to consider some form of devolution if it is returned to power.

"Independence would be a disaster and a tax-raising assembly almost as bad, as it would take us well down the road to independence," says Lord Weir, chairman of the Weir Group, the Glasgow-based engineering company.

He fears the political uncertainty which would arise from a period of transition to a new system of government, and higher taxes. He believes Scottish-based companies which *do* not depend on the Scottish market might move their headquarters, probably to England, if they were taxed more heavily in a separate Scotland.

Lord Weir's reaction is typical of the anxiety of businessmen about the consequences they fear for Scotland and for their companies if constitutional changes are enacted.

Such radical political upheaval has crucial implications for how Scotland would be financed. Mr Iain Begg, an economist at Cambridge University and an expert on the Scottish economy, estimates that Scotland receives between 10.5 per cent and 11 per cent of all UK public spending but only provides between 8 and 8.25 *per cent of UK tax* revenues and duties. The resulting gap is estimated by most economists to be just under £4bn.

Labour and the SNP have different proposals for filling this shortfall.

● Under Labour's plan, a Scottish parliament would receive all income tax and value-added tax raised in Scotland, and the gap would be made up with a grant from Westminster.

In addition, Labour intends that a Scottish parliament would be able, *as* the party puts it in policy statements to "vary" the rate of income tax in Scotland by up to 3p in the pound. Labour politicians believe that Scots would agree to pay higher taxes for greater services – such as better health, education and housing provision. A recent Mori poll gave support to this claim, showing that 49 per cent of respondents were willing to pay higher taxes compared with 46 per cent who opposed an increase.

● Under the SNP's independence proposal, the gap would be filled by oil revenues. The SNP argues that Scotland is entitled to 90 per cent of the oil and gas reserves in the North Sea. *It says that although the* tax revenues from the North Sea this year are likely to be only £1.2bn, increased production arising from new oil fields and higher oil prices could raise revenues to about £5bn in the last half of the 1990s.

Opponents of independence say this strategy begs many questions. Much depends on where England and Scotland would agree to locate the line between their sectors of the North Sea.

If the line of the land border between the two countries, which runs in a northeasterly direction up to Berwick-upon-Tweed, were projected into the North Sea, a big part of the oil and gas fields would end up in the English sector, and *Scotland* might have less than 70 per cent of the revenues.

Oil revenues seem, however, to be an uncertain basis for filling Scotland's revenue gap, and are volatile, varying greatly from year to year depending on the oil price, production levels and tax write-offs by the oil companies.

Mr Begg believes that even if Scotland obtained all North Sea oil, it would still have a substantial borrowing require*ment because of the gap* between tax revenues and expenditure. "It would be laughed out of the financial markets," he says, and higher taxes might be necessary.

Nevertheless, an independent Scotland would have a reasonably well-balanced economy, not only with considerable oil and gas production but a relatively large, export-oriented manufacturing base and a big financial services industry. It might have a gross *domestic product of about* £55bn, putting it below Denmark and Norway in western Europe but above Greece, Portugal and Ireland.

For businessmen bewildered by the speed with which the *issue of independence has* come to the fore, the main problem is making business decisions in an uncertain political climate. A senior executive of a Scottish company explains: "We don't know what's going to happen in the election, the economic issues don't get discussed enough and the whole debate is conducted in a vacuum so that hard facts are never established."

The finance director of a quoted Scottish manufacturing *company says he knows of two* Scottish companies which have established subsidiaries in England through which to pay their Scottish workforce, as a precaution against the higher income tax which an Edinburgh parliament might impose on them.

Mr Brian Stewart, chief executive of Scottish & Newcastle, the drinks and leisure group which operates in both England and Scotland, fears that independence or devolu*tion may reduce the access of* Scottish companies to the English market.

The planned single European market is not regarded as an adequate solution either, because it will for many years be much less integrated than the UK market.

That concern is shared by Mr Malcolm Murray, chief executive of Scottish Life, the life assurer. He says that even if there were no tax differential between an independent Scotland and England, there might be consumer resistance or even discrimination in England against buying life policies from a Scottish company. England is the biggest market for most of Scotland's life companies and banks.

"My personal preference is *for the status quo*, but that's not an option any more," he says.

For the companies that do support constitutional change, devolution is preferred to independence. One businessman running an engineering concern in Glasgow argues that Scottish business would receive a better hearing in a Scottish assembly than it does at Westminster, and that a Scottish assembly would be more likely to tackle the prob*lems* of the region's transport infrastructure.

Other supporters of devolution argue that higher taxes would be an acceptable price to pay for improved services such as health and education. This is the view of Tom McGregor, *an engineering consultant*, who will soon launch an organisation of businesspeople called Scotland Says Yes! (to devolution).

While the idea of devolution gathers some support, few senior members of the Scottish business community approve of outright independence. But there are some singular voices of support. Mr Robin Angus, an investment analyst with County Natwest Woodmac in Edinburgh, believes an independent Scotland could give its financial services industry favourable tax treatment, particularly for one of its specialities, investment trusts.

Sir Iain Noble, who chairs the Edinburgh issuing house Noble & Co, and is a pillar of the *Scottish establishment*, says he would be content with either a Scottish parliament inside Britain but dealing direct with *Brussels*, or an independent Scotland within the EC.

"It is axiomatic," Sir Iain says, "that taxes in Scotland would be lower than those in England, otherwise there would be a brain drain and a flight of capital. We would establish the simplest company law in the EC, attract corpo*rate head offices and thrive on* our financial and legal services. Whether independence was a success would depend entirely on our ability to be entrepreneurial and innovative."

Scotland's share of the union

General government expenditure £ per head	1988-89		1989-90		1990-91
Scotland	2,748		2,957		3,196
England	2,119		2,338		2,586
Wales	2,487		2,680		2,964
Northern Ireland	3,540		3,714		3,842
Total	2,232		2,448		2,694
GDP £ million	1989	(%)	1990	(%)	
Scotland	35,740	(8.3)	38,738	(8.2)	
England	368,035	(85.4)	402,207	(85.4)	
Wales	18,308	(4.2)	20,053	(4.3)	
Northern Ireland	9,116	(2.1)	9,821	(2.1)	
UK	*438,724*	*(100)*	*477,747*	*(100)*	
Population Million	1989	(%)	1990	(%)	
Scotland	5.1	(8.9)	5.1	(8.9)	
England	47.7	(83.3)	47.8	(83.3)	
Wales	2.9	(5.0)	2.9	(5.0)	
Northern Ireland	1.6	(2.8)	1.6	(2.8)	
UK	57.2	(100)	57.4	(100)	

Source: CSO, Treasury

Joe Rogaly
Milk and water

If you wonder what will happen if we wake up 56 mornings from now under a Labour government, *here is* the answer in executive-summary shorthand: *Britain will become a regulatory state*. If he gets the chance, Mr Neil Kinnock will try to achieve by means of regulation and tax incentives or penalties what his party could not deliver when it tried nationalisation, demand management and the *perpetual expansion of the* public sector. Labour has abandoned socialism, but it means to civilise capitalism.

This is evident from a close study of the several policy documents published by the party over the past two years, but there *is* no need to consult them again. Reading through all that boilerplate is anyway not worth doing for *less than $1,000 an hour*, and it would take the seller of the service many long hours. We can turn instead to Next Left, a slim pamphlet about to be published by the Institute for Public Policy Research*. It is not a party document, but in its general thrust it might as well be.

The IPPR is Labour's think-tank in the same way as the Centre for Policy Studies, the Institute for Economic Affairs and the Adam Smith Institute are the Conservatives'. Two of the four authors of Next Left are confidantes of Mr Kinnock. I fancy I detect the voice of Dr John Eatwell, the Labour leader's economic adviser, in some of the arguments. So while it would be wrong to pin *details of its* proposals on the Labour party, we may safely ascribe the pamphlet's tentative theorising to some of Mr Kinnock's favoured thinkers.

Do not get too excited. This is no Das Kapital. It is not even a viable synopsis for a 1990s equivalent of Tony Crosland's The Future of Socialism, which famously sought to modernise Labour thinking in the 1950s. But it is probably the best that British socialists can do at this stage of picking up the pieces left by the collapse of the command economies. A small thing, but Labour's own.

The essence of it is that the kind of capitalism nurtured by the Conservatives "badly needs reform". It suffers from what the authors call the two "fallacies" of *laisser faire*. The first is that markets come first and social intervention thereafter. On the contrary, they argue, the state creates and sustains markets, "the important point being that it should do so in such a way that the individual energies released lead to socially desirable results".

The second so-called fallacy is that the pursuit of individual self-interest will, by the magic of the hidden hand, *produce the greatest good of* the greatest number. Not so, say our Kinnockites, "markets have to be *designed* to maxim*ise social* good ... markets are created by political rules ... and different rules produce different results."

This *is* in tune with the writings of David Marquand, a Liberal Democrat and professor of politics at Sheffield *University*, whose centrist volume, The Unprincipled

If Labour is elected it means to civilise capitalism

Society (Jonathan Cape, 1988), is as serious a work as Crosland's. Professor Marquand asserted in a recent article in the New Statesman that "the capitalisms of Britain and the United States are hopelessly unproductive and inefficient". What he favours is "a developmental or social capitalism, which has been hammered out, without benefit of theory, in the solidaristic, consensual political economies of central Europe and in the similarly solidaristic political economy of Japan". All this was a prelude to a warning to Mr Paddy Ashdown not to take the Liberal Democrats too far down the road leading to Anglo-American capitalism. Mr Ashdown should stick to his guns.

If Next Left is any guide, a Labour government would travel in the central European – that is, German – direction. The key Thatcherite liberalisations of the past decade would be reversed. "In our view," the authors state, "these changes have been little short of disastrous; collective re-regulation of the economy is essential." Re-regulation of the credit market could be attempted by introducing a two-tier lending rate, a reserve asset regime for banks and constraints on consumer credit growth. Industrial regulation would, in takeover cases, include the transfer of the onus of "public interest" proof from target to predator.

That apart, Labour's industrial interventions would not be outstandingly different from what we would get if, say, *Mr Michael Heseltine* were to be rewarded for his past 14 months of virtue by being enabled to realise his dreams as super-secretary for industry in a Major administration.

This is not true of the broad sweep of Next Left thinking. It is far away from contemporary Tory orthodoxy. Pension fund trust law would be "overhauled", in the interest of combatting short-termism. The regulatory approach is proposed for the labour market, which means the minimum wage and much else, and – three cheers – for environmental protection. Let me stress that the details I have alluded to will not necessarily become formal Labour policies. The most likely outcome under a Kinnock government would be the dilution of the extensive regulatory regime implied by following Labour's current thinking to a logical conclusion. It would be milk-and-water regulation by a party that throughout most of its career in government practised milk-and-water socialism. But nobody can say that the voters wouldn't have a choice.

In spite of yesterday's dour news on unemployment and house repossessions that choice is still – just – more likely to be Tory than Labour. As one minister commented: "Look at the 91 per cent in work. For them, average earnings are still running about 3 percentage points ahead of inflation. When election day comes, those are the figures that will count."

** Tessa Blackstone, James Cornford, Patricia Hewitt and David Miliband. IPPR 30/32 Southampton Street, WC2E 7RA*

LETTERS

Consultant says no conflicts in MMC research

From K E Ludvigsen.

Sir, You will be aware that some motor vehicle producers alleged conflict of interest in the comparative car price research that we as consultants carried out for the *Monopolies and Mergers* Commission study of the UK car market. The allegation was made in a letter from Vauxhall published by you *(October 11* 1991) and repeated in your article about the MMC report (February 6 1992).

Our consultants carried out highly technical research, analysis and reconciliation of car prices in a rigorous manner, strictly in accordance with the methodology agreed in advance with the MMC. Had conflicts of interest led their work to be biased in any way this would surely have become evident with the publication of the report, *to the* detriment of our professional reputation. The MMC report provides ample and convincing evidence that Ludvigsen Associates was impartial and objective in all respects in its work for the MMC.

In its report the *MMC* stated its satisfaction that our work "in providing specification-adjusted list prices was not undermined by any bias or potential bias or by any suggested conflict of interest and can be relied on for the further detailed work we ourselves carried out in order to establish the extent of price differences".

K E Ludvigsen,
chairman,
Ludvigsen Associates,
105/106 New Bond Street,
London W1Y 9LG

Some do bounce back

From E G Abel.

Sir, Lex made a telling point in reviewing Amstrad (February 12) by ending: "As the old maxim has it, when they fall that far they never come back." An excellent maxim, but it is the joy of investing to find the occasional exception – would that I had bought Grand Metropolitan *at* 20p in the 1974 shake-out.

E G Abel,
56 Telford Avenue,
London SW2 4XF

Spending power answer to environmentally sound trade promotion

From Parviz Dabir-Alai.

Sir, The promotion of trade and good environmental policies need not be competing objectives as your leader (February 12) implies. *Further,* your underlying assumption encapsulated in your very last sentence ("... this concern *should not* pollute world trade and therefore deny the poor what the rich take for granted"), is that enhanced world trade necessarily benefits the poor.

This assumption is certainly contestable in the short term. In many developing countries poverty is the single most important cause of disrespect for the environment as the well-documented cases involving tree-felling demonstrate. *Enhancement of world trade* would be achieved more effectively in the long run if the developing world had more of *the world's spending power*. More trade per se does not guarantee this.

Parviz Dabir-Alai,
lecturer in economics,
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Queens Road,
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Surrey TW10 6JP

Insurance industry should tackle issues, says author of SIB report

From Mr Nick Anderton.

Sir, The debate in your pages about insurance office "early" termination rates has focused the concern this creates within the insurance industry.

Perhaps, as the person commissioned to produce the report for the Securities and Investments Board, I can try to isolate what I feel are the underlying problems that the industry should be concentrating on.

A long term insurance contract *incurs* the majority of the expense associated with it at outset. This covers the cost of providing consumers, those who buy as well as those who do not, with information and advice about the products available.

Consequently early termination of a policy is a matter of concern to the issuing company, because it represents a considerable investment on which the anticipated return will not be obtained either by the company, or policyholder.

Any shortfall in the company's expectations will largely fall on *other* policyholders (in with profit funds), and shareholders. Therefore the level of terminations of policies, and their impact, is a matter of concern to advisers offering best advice.

For these reasons we were prepared to tackle an issue which had been consigned to the "too difficult" pile, despite the *shortcomings in the generally available data* as the report made clear.

I would like to suggest that this debate could serve a useful purpose if it led to better information being available on an office by office basis. Clearly, from Mr Scurfield's letter (February 1), at least one office is in such a position and therefore could take a leading initiative.

However, information is not enough on its own and it needs to be translated in action. Examination of the practices and selling methods of the better performing offices would help everyone within the industry to be more effective, and the regulators to see what practices they should be encouraging in the interests of the consumer.

The industry needs to take a positive attitude towards the value of insurance and the professionalism of the large majority of advisers. Too often criticism engenders negative reactions like trying to shoot the messenger.

Nick Anderton,
managing director,
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Dorking,
Surrey RH4 1HG

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Japan and its nuclear future

From Mr David R Kyd.

Sir, Michael Cross's article, "Japan sidles towards a nuclear future" (January 25), in our view contains a number of misconceptions. However, I will confine myself to setting the record straight on just three items of direct relevance *to our agency*.

First, the IAEA already inspects all the nuclear power plants in Japan. In addition, the agency inspects all other types of Japanese nuclear facilities, including research reactors and fuel fabrication plants.

Second, there is no evidence that these inspections alarm *the public, as implied* by Mr Cross. Quite the reverse.

Third, Japan – one of the big contributors to the IAEA's budget – has always co-operated fully with the agency in the safeguards field.

David R Kyd,
director,
division of public information,
International Atomic Energy Agency,
Wagramerstrasse 5,
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A-1400 Vienna, Austria

Deterring the cynical

From Mr Stan Mendham.

Sir, The arguments made by the Credit Protection Association (CPA) against interest on overdue commercial debts ("Interest on late debts attacked", February 5) are ill-informed and fundamentally flawed. Such a statute would not give customers extended credit but where unauthorised credit was taken would impose the costs incurred on the late payer.

Businesses which pay late already use their suppliers as unpaid bankers; statutory interest would make them pay for the privilege.

Efficient collection of debts will, of course, still be important. But by deterring the cynical and calculating late payer, it will be easier to identify and pursue high-risk debts at an early stage.

Stan Mendham,
chief executive,
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FINANCIAL TIMES
Friday February 14 1992

Revised retail figures and sharply increased demand for cars give analysts new hope

US economy shows signs of recovery

By Michael Prowse in Washington

US RETAIL sales jumped 0.6 per cent in January while previous months' figures were revised sharply upwards, providing tentative evidence that the economy is in better shape than some analysts feared.

At the same time sales figures from Ford and General Motors for the first 10 days of February were stronger than expected, suggesting a recovery of demand in the car industry. Preliminary figures showed domestic car sales running at a 6.6m annual rate, compared with the consensus forecast of 5.8m.

The revised sales figures – which do not allow for inflation – indicate that retail sales were flat in November and December, a big improvement on previous estimates, which pointed to declines of 0.5 per cent and 0.4 per cent.

The rewriting of history by statisticians suggests the Christmas season was not quite as bleak as portrayed.

On Wall Street, the stronger than expected sales figures dashed hopes of an imminent cut in interest rates. Bond prices fell sharply in early trading and the dollar gained ground against leading currencies. Share prices slipped from record highs on fears that monetary policy would not be eased in the near future.

Mr Robert Brusca, chief economist at Nikko Securities in New York, said the latest figures could lead to a significant upward revision to estimates of growth in the fourth quarter. Gross domestic product might have increased at an annual rate of 0.6-1.0 per cent rather than the 0.3 per cent originally reported.

Ms Susan Phillips, a governor at the Federal Reserve, told bankers yesterday that the economic fundamentals were not as bad as the pervasive gloom suggested. Positive signals in the economy outweighed negative ones, she claimed.

Many analysts, however, will hesitate to place too much emphasis on the retail figures. Figures for January can give a misleading signal of underlying trends because retailers strive to clear surplus stocks after the Christmas period.

Other statistics remain gloomy. Payroll employment and factory orders have fallen sharply in recent months. Consumer confidence is near record lows. Figures for industrial production in January, due out tomorrow, are likely to show a sharp decline.

The January sales figures, however, showed evidence of a rebound in most sectors. Durable goods rose 0.5 per cent, with particular strength in building materials, which posted a monthly gain of 5.4 per cent. Car sales rose 0.4 per cent. Among non-durable goods, department store sales were up 2.1 per cent. Overall sales were 3.9 per cent higher than in January last year, which was artificially depressed by the Gulf war.

Treasuries slide, Page 19

Japan's trade surplus records fourfold rise

By Robert Thomson in Tokyo

JAPAN'S trade surplus for January recorded a fourfold year-on-year increase to $3.84bn, heightening government fears that world trade tension will rise in tandem with the surging surplus.

Customs-cleared figures released yesterday by the Ministry of Finance showed rises in the politically sensitive surpluses with the US and European Community, and an overall 9.7 per cent rise to $23.94bn in exports coupled with a 3.8 per cent fall in imports to $20.10bn.

The seasonally adjusted surplus for January was $8.37bn, up from $7.95bn in December, with exports for the month rising 6.9 per cent to $28.57bn, with imports 7.6 per cent higher at $20.20bn.

Japanese officials were particularly concerned by a 33 per cent increase in the surplus with the EC, with exports to the region rising 12.4 per cent to $5.1bn and imports only 0.2 per cent higher at $2.9bn.

Car exports to the EC rose 24 per cent on the same month last year, while purchases of EC luxury goods continued to plunge, with imports of art works down 84.6 per cent. Meanwhile, Japanese car exports to the US fell 12.3 per cent on a year earlier.

Japan's total exports to the US rose 1 per cent to $6.7bn, while imports from the US were 0.3 per cent higher at $4.3bn. Imports of aircraft were sharply higher and imports of cars rose 15 per cent, providing some evidence for Tokyo that demand for US-made cars is on the rise.

Ms Chiharu Shima, economist at UBS Phillips & Drew, said the slowing of domestic demand had encouraged Japanese companies to increase their exports and the threat of US criticism had prompted some companies to target the European market.

"Some of the large increase in January can be explained by currency fluctuations and lower energy prices, but you shouldn't underestimate the longer-term effects of weak domestic demand", Ms Sumita said.

The largest increases in Japanese exports were seen in transport machinery (up 13.5 per cent), electric machines (up 10.2 per cent), and precision instruments (up 10.2 per cent). Japan's imports of textiles rose 16.6 per cent and of foodstuffs by 14 per cent.

Trade with the newly industrialised economies of Asia expanded modestly during the period after strong growth for much of last year. However, exports to China were 39.4 per cent higher than in the same month last year, and imports from China rose 14.9 per cent.

Trucks line the loading dock yesterday of the parcel delivery company Tokyo Sagawa Kyubin, two of whose former executives – Hiroyasu Watanabe (left) and Jun Saotome (right) – are at the centre of the new loan scandal

Japan faces yet another big scandal

Continued from Page 1

the two Tokyo Sagawa executives violated the commercial code by allegedly raising the Y528bn in funds between 1987 and mid-1991. Prosecutors say that more than Y100bn went to companies associated with Inagawakai, the gangster group.

Prosecutors say they will concentrate on whether politicians took bribes from the company and whether donations to politicians violated the Political Fund Control Law.

Whatever the investigation's outcome, the Sagawa Kyubin scandal again emphasises to Japanese that the structure of the country's political system makes corruption inevitable. Unholy alliances are prompted by the gift-giving and palm-greasing which are part of the daily political routine.

LDP officials are hoping the case will keep prosecutors preoccupied until after an upper house election due in July.

THE LEX COLUMN

BP turns the tap off

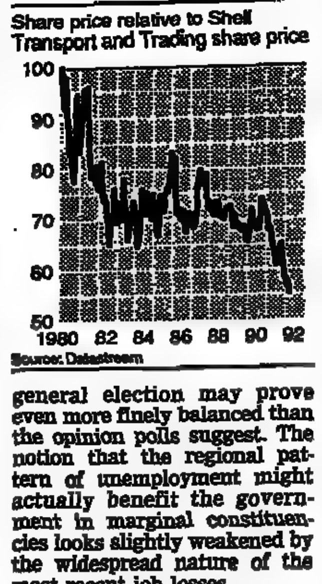
A few years from now, investors may well look back on yesterday's results from BP as a critical point in the group's development. The traditional case for investing in BP shares was that a stated policy of at least maintaining the dividend in real terms protected shareholders from their exposure to volatile oil prices. After yesterday's announcement of an increase just below the headline rate of inflation, that policy is in question. More fundamentally, the company is shrinking. As that message sinks in, the remorseless underperformance of the shares may well continue.

It is not easy to see where BP goes from here. Last year's capital spending of £4.5bn produced a net cash outflow of £1.1bn, bringing gearing to just under 80 per cent. In the second half, replacement cost profit was a mere £200m. Given that the immediate trading outlook is unchanged, it seems fair to conclude that earnings can no longer support the cost of the £227m quarterly dividend. Failing a rise in the oil price, a further cut in the real dividend seems only a matter of time.

Granted, the group will be doing its utmost to stem the cash outflow this year. The capital budget has been slashed for all but the exploration and downstream operations. The assumption must be that further disposals will be needed to close the funding gap. As a strategy, it smacks of damage control rather than forward planning.

BP could conceivably be rescued by the oil price. But like the US oil companies, it must be close to giving up hope on this score. After all, the entire industry is suffering from the past assumption that price rises would justify investment. If BP's difficulties are worse than most, it is because its balance sheet was weakened by the 1987 buy-back of the Kuwaiti holding at precisely the wrong point in the cycle. There seems little point in berating Mr Robert Horton, BP's hapless chairman. The wider issue is whether that single miscalculation will in the end bring the company's long-term future into question.

FT-SE Index: 2,522.6 (-1.1)



UK economy

Government ministers rarely go so far as to admit that unemployment figures are horrible. But the employment secretary was unusually muted in his response to yesterday's heavy increase. If the trend continues, the forthcoming general election may prove even more finely balanced than the opinion polls suggest. The notion that the regional pattern of unemployment might actually benefit the government in marginal constituencies looks slightly weakened by the widespread nature of the most recent job losses.

The political equation is further complicated by the welcome news that the annual increase in average earnings has fallen below 7½ per cent for the first time in 25 years. Moreover, it will doubtless fall again as large pay increases from a year ago fall out of the equation: the three-month rate of increase is already touching 5 per cent and heading lower. The benefits to come from inflation are obvious. The question is whether the voters will care more about stable prices than unstable jobs.

Hanson

There are times when Hanson seems gripped by an imp of perversity. As London's analysts and fund managers gather today to hear the company expound its grand strategy, they will be distracted by confusion over what on earth the company is up to with its dividend policy. Until yesterday, buyers of the shares could expect 11p per share of dividends – assuming an unchanged payment – by next February. They will now have to wait until April, with the amount being doled out in four parts instead of two. In terms of present value, the difference is probably immaterial. It is also claimed to make no real difference to the group's tax payments in terms of cash flow. So what is Hanson up to?

The answer seems a little depressing. Because the changeover to the new system means that only half the annual payment will be declared in Hanson's current financial year, it will have the cosmetic effect of reducing the group's huge and doubtless growing ACT liability. This means the tax charge gives the appearance of dropping this year, to some 18 per cent, before reverting to some 24 per cent next year. As a result of this, earnings per share in this year's first quarter were unchanged despite an unprecedented and embarrassing 6 per cent drop in pre-tax profits.

Without this kind of fancy footwork, Hanson could put up a reasonable case for its investment attractions. As Hoare Govett argues this week, the company's solid portfolio in natural resources and low gearing means there is simply no need for a break-up or final blockbusting takeover. Looking ahead to the millennium, Hanson could present a combination of modest organic growth and occasional acquisitions on the Beazer model. It is the kind of strategy which could plausibly be entrusted to the next generation of professional managers. But if Lords Hanson and White wish to present their creation as transformed into a boring and stable investment, they are going the wrong way about it.

Unilever

Yesterday's announcement by Unilever that its heavily loss-making animal feed and fish farming businesses are for sale is further evidence of what the recession is doing to UK food and agriculture. Recent weeks have brought mergers and consolidation in sectors as diverse as dairy, chickens and ice cream. The news will not sweeten tempers at BP, which put its own animal feed business up for sale only 10 days ago. But unlike BP, Unilever has no urgent need for cash. More likely, its patience has finally snapped with businesses which have absorbed management resources for decades.

The sale will bring to virtual completion Unilever's objective of dismantling its historic structure of vertical integration. With oil milling, packaging and animal feed out of the way, the company has simplified its portfolio down to higher-margin consumer goods and speciality chemicals. Unilever would probably not deny that the process has taken longer than it should have. From the investor's viewpoint, however, it confirms the impression of long-term strategy patiently pursued.

UN prepares to send force to Yugoslavia

By Michael Littlejohns in New York

THE first United Nations peacekeeping operation in continental Europe could get underway in a few weeks after Mr Boutros Boutros Ghali, the UN secretary-general, announced last night that he would recommend that the Security Council despatch a 10,000 strong force to Yugoslavia.

The first contingent could be in place within 15 days of the formal decision by the Council – which may be taken as soon as the end of next week.

Mr Boutros Ghali's move, after weeks of hesitation during which he repeatedly insisted the time was not ripe for UN military intervention, virtually assured Council agreement. He discussed the matter yesterday with representatives of the US, Britain, France, Russia and China, the Council's permanent members, before making the statement.

The force, expected to be largely made up of European contingents, would be the largest such UN operation since the intervention in the Congo in the 1960s. It is likely to cost $400m for the first year of operations.

In a statement issued last night, Mr Boutros Ghali mentioned "a number of unanswered questions concerning this operation". He said he felt strongly that its success was "predicated upon the full co-operation and support of all the parties in Yugoslavia". He agreed, however, with Mr Cyrus Vance, his special envoy, that the risks of not intervening were greater and that the ceasefire might collapse if the UN failed to move fast.

Only last week, Mr Boutros Ghali advised the Security Council that quick action was needed to prevent an unravelling of the truce. But at the time he said that it still was not possible to recommend deployment of a large UN force.

Mr Franjo Tudjman, president of Croatia, has subsequently assured Mr Vance that he "fully accepts all the terms of reference of the peace plan" prepared by the secretary-general. Mr Milan Babic, head of the self-proclaimed Serb Republic of Krajina in southern Croatia, who earlier refused to permit the deployment of UN peacekeepers there, is said to have now been brought into line under pressure from other Serbian leaders.

Under the UN plan the Serb-dominated Federal Army would be withdrawn from Croatian territory and all paramilitary forces, including Serbian units, would be disarmed.

Mr Marrack Golding, the UN undersecretary-general in charge of peacekeeping, last night met the ambassadors of some 30 countries that might contribute troops. The countries bordering Yugoslavia are not expected to be asked to help.

Democrats reconsider candidacy

Continued from page 1

appeal outside the north-east is rated as limited.

Equally, southern supporters of Mr Clinton are nervous about Governor Mario Cuomo of New York stepping in, since he is viewed as too liberal to win next November. Cuomo supporters are urging voters to write his name on to the ballot paper in New Hampshire. This campaign, if moderately successful, would highlight the weakness of the current Democratic crop.

Mr Clinton has blamed a Republican smear campaign for the controversy over his actions during the Vietnam war. On Wednesday, he was forced to release a 1969 letter in which he acknowledged misleading an Arkansas reserve officer about his opposition to the war and thanked the officer for "saving me from the draft".

The three-page letter – filled with anti-war sentiment – could be particularly damaging in his native south, which has a strong military tradition. The disclosure, coming less than five days before the primary, leaves him little chance to parry the charges.

However, he has fought back, pointing out that the letter – written while he was a Rhodes scholar at Oxford – reflected the anguish of many young men of his generation.

In the end, Mr Clinton made himself eligible for the draft, though he did not serve because he received a high lottery number.

Bank governor positive on Emu prospects

By Peter Norman, Economics Correspondent

EUROPEAN economic and monetary union need not lead to federalism in the European Community, Mr Robin Leigh-Pemberton, governor of the Bank of England, said last night.

He underlined, however, that Emu would only work if all sectors of society in participating countries accepted "the key objective of price stability allied to open, flexible and competitive markets".

Presenting an Oxford college lecture, Mr Leigh-Pemberton said monetary union did not have to involve such features as a sizeable EC budget, a European parliament with powers of taxation and the development of larger spending departments in Brussels.

Such demands – reflected in the latest Commission plans to expand the Community budget by more than a third over the next five years – ignored the benefits of the economic convergence that would have to be achieved in the move towards Emu, he said.

Poorer EC members could gain as much from Emu as richer countries, he claimed. They would, for example, be able to attract inward investment and benefit from lower interest rates so that "there should not be inexorable economic pressures making for a federal budget".

Mr Leigh-Pemberton said Britain's policy of delaying its decision on whether to join Emu fully did not put it at a disadvantage in preparing for union. Britain was as well placed as other EC states to qualify for Emu, he said. He warned Euro-sceptics against expecting that Emu would fail to be achieved, as planned, by 1999 at the latest.

But he also made clear that many detailed problems had to be solved before Emu could function satisfactorily.

In particular, he warned that establishing Emu could involve possible conflict between the planned independent European Central Bank, which will be responsible for monetary policy, and governments if they revert to policies inconsistent with price stability.

Another issue was whether the planned European bank should practise monetary targeting. Also looming was a debate on whether to have minimum reserve requirements for banks as part of the EC's monetary control mechanism.

He also highlighted the daunting nature of the mechanics of transition to a single currency. The operation would be far more complex than the UK's decimalisation in the 1970s, which had taken four years to prepare and cost an estimated £600m to £900m at today's prices.

Editorial Comment, Page 12

WORLDWIDE WEATHER

		°C	°F
Ajaccio	F	14	57
Algiers	F	18	64
Amsterdam	S	8	46
Athens	S	15	59
Bahrain	F	20	68
Bangkok	F	33	91
Barcelona	F	14	57
Beijing	S	6	43
Beirut		–	–
Belfast	F	5	41
Belgrade	S	15	59
Berlin	R	11	52
Biarritz	C	10	[illegible]
Bombay	S	27	[illegible]
Bordeaux	C	10	50
Boulogne	C	8	46
Brussels	F	8	46
Budapest	F	11	52
Buenos Aires	F	26	79
Cairo	F	[illegible]	[illegible]
Cape Town	S	25	77
Caracas	C	29	84
Casablanca	C	15	59
Chicago	Sn	-2	28
Cologne	C	9	48
Copenhagen	C	8	46
Corfu	S	15	59
Dallas	C	8	46
Dublin	S	7	45
Dubrovnik		–	–
Edinburgh	S	6	43
Faro	S	15	59
Florence	Dr	12	54
Frankfurt	R	9	48
Geneva	R	6	43
Gibraltar	S	16	61
Glasgow	F	7	45
Helsinki	C	0	32
Hong Kong	F	13	55
Innsbruck	F	6	43
Inverness	F	6	43
Islamabad	C	16	61
Istanbul	S	[illegible]	[illegible]
Jakarta	R	31	88
Jersey	R	7	45
Johannesburg	F	[illegible]	[illegible]
Lima	C	28	82
Lisbon	F	13	55
London	C	9	48
Los Angeles	C	14	57
Luxembourg	C	7	45
[illegible]	C	16	61
[illegible]	S	11	52
Majorca	S	16	61
Malaga	S	17	63
Malta	S	16	61
Manchester	S	8	46
Manila	F	33	91
Melbourne	C	16	61
Mexico City	F	23	73
Miami	S	17	63
Milan	R	6	4
Montreal	F	-18	0
Moscow	C	-1	30
Munich	S	12	54
Nairobi	F	26	79
Naples	F	15	59
Nassau	F	25	77
New Delhi	F	22	72
New York	C	-4	25
Nice	R	11	52
Nicosia	S	14	57
Oporto	F	13	55
Oslo	Dr	2	36
Paris	F	10	50
Prague	S	13	55
Reykjavik	F	3	37
Rhodes	F	15	59
Rio de Janeiro	F	36	97
Rome	F	14	57
Salzburg	F	13	55
San Francisco	F	10	50
Seoul	S	2	36
Singapore	F	[illegible]	[illegible]
Stockholm	Sl	1	34
Strasbourg	R	9	48
Sydney	C	22	72
Taipei	R	15	59
Tangier	S	15	59
Tel Aviv	F	[illegible]	[illegible]
Tenerife	S	20	68
Tokyo	S	13	55
Toronto	S	-11	12
Tunis	S	20	68
Valencia	S	15	59
Venice	F	8	46
Vienna	S	11	52
Warsaw	C	5	41
Washington	Sn	-4	25
Zurich	Dr	6	43

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

RECRUITMENT

JOBS: Psychologists' research paints portrait of Britain's most tediously jibed-at profession

Time for advertisers to find a new joke

THE Jobs column couldn't help feeling a mite disappointed with the Royal Air Force on seeing the results of this year's British recruitment-advertising awards. Given the RAF's traditions, I would not have expected it to choose such a soft target for the ad for trainee pilots and navigators which has just won it the topmost prize.

The picture shows a small boy running about, arms outstretched, having a game of aeroplanes. The headline says: *Can you honestly remember anyone playing chartered accountants?* The award-presenters comment: "This advertisement communicates a *sentiment that all* of us recognise."

True enough... but one would have thought that the RAF's ad agency, J Walter Thompson, could have recommended a more original butt for the joke. After all, I can't honestly remember anyone playing corporate finance directors, or even journalists either.

At the same time, however, the announcement of the award and my jaded reaction to it have left me *in an ambivalent position. For* today I am at last able to deliver on a promise I made almost two years ago, on March 28 1990 to be precise.

My topic that day was a study by two psychologists in Northern Ireland, Jackie Granleese and *Timothy Barrett, of accountants'* personalities. And while it shed instructive light on the popular image of its subjects, as exploited by the RAF, it had the defect of a limited scope. Besides being all men, the accountants covered by the study were solely of the Irish chartered sort, albeit coming from both north and south of the isle.

So knowing that the two shrinks were using the same psychological *yardstick – the Eysenck Personality* Questionnaire – on men belonging to the chartered institutes of Scotland and of England and Wales, I promised a further report in due course. The findings arrived just the other day.

The only trouble with them, in the light of my reaction to the RAF's ad, is that they confirm the popular image aforesaid. As in Ireland, so in England, Wales and Scotland, the typical personality of the male chartered accountant is one which most other brands of workers would see as matching the comedian John Cleese's description *of the species as "irrepressibly* boring and dull".

In the two psychologists' words, the *characteristic make-up shown* by their tests on 100 or so members of each of the three institutes is "the socially confirming, stable introvert". *They then add:*

"Such an individual is typically calm, even-tempered, controlled and unworried. Quiet, introspective, reserved, *fond of books* rather than people, he is someone who tends to plan ahead and who distrusts the impulse of the moment. *He does not like excitement, takes* matters of everyday life with proper seriousness and likes order in his life. He is reliable, somewhat pessimistic and he places great value on ethical standards."

Moreover, the shrinks say that such comparable evidence as exists on accountants in the United States and Canada shows that there, too, the typical male member of the profession has much the same traits.

Even so, what's wrong with that? OK, he may not be the life and soul of the party. But, given the value he places on ethical standards in particular, we'd surely all *benefit from having a lot more* of him around elsewhere.

NOW to the table below which is drawn from the Day Associates consultancy's latest three-monthly survey of pay and perks in City of London banking. The figures are based on data supplied by over 90 international banks and investment houses, and the full report covers 214 different jobs at various levels. Anyone wanting it should contact Day's Joe Clark at Suite 2.31, 75 Whitechapel Rd, London E1 1DU; telephone 071-375 1397, fax 071-375 1723. The VAT-inclusive price is £141 to concerns which take part in the survey, and £200 to others.

My extracts, which provide at best a *loosely* approximate guide to the real state of pay, are confined to 17 fairly senior positions. First we have basic salaries – *the lower* quartile referring to the person a quarter way up from the bottom of a ranking of all in the same type of job, the median to the person midway, and the upper quartile to the one a quarter way down. Next comes the average salary followed by the percentage of it typically received as a bonus. The last two columns show the percentage of the job-holders whose perks include a car, and its average price.

SALARIES, BONUSES AND COMPANY CARS IN CITY OF LONDON FINANCE SECTOR

Position	Lower quartile £	Median salary £	Upper quartile £	Average salary £	Avge bonus %	Coy car %	Avge price of car £
Corporate finance head	98,000	110,998	135,000	116,709	35.6	100	21,566
Bond sales head	97,000	110,000	135,000	118,000	31.3	100	19,187
Capital markets head	97,000	115,000	125,000	113,425	33.2	100	22,633
Equity sales head	71,500	97,750	125,000	101,420	17.9	100	19,550
Eurobond trading head	80,000	94,000	100,000	95,785	12.5	100	18,788
Equity trading head	72,700	95,000	127,000	92,919	14.3	87	17,950
Swaps head	70,000	90,000	113,500	89,991	52.7	100	17,500
Head of research	68,830	84,000	110,000	86,960	12.6	88	18,950
Fund management director	73,500	92,000	127,000	86,420	21.7	100	22,650
Chief fx dealer	64,000	70,000	85,010	80,313	25.9	96	17,217
Personnel director	67,884	79,750	89,500	79,121	13.2	100	20,462
Director of operations	54,350	72,972	86,000	77,317	5.2	100	20,589
Financial director	60,000	70,900	76,000	68,944	12.9	100	20,855
Legal services head	48,000	70,600	76,080	65,268	17.5	100	18,004
D-P director	50,000	64,750	72,000	62,534	16.5	100	17,839
Chief sterling dealer	46,500	50,075	60,000	52,982	15.3	94	14,832
Credit dept manager	37,500	42,691	49,000	43,629	5.9	95	14,142

FINALLY, a reminder about my last week's announcement of Bowater's initiative in sponsoring, along with the FT, the trial run of an advertisement in our pages in which unemployed executives may offer their services at £50 apiece.

In the trial, due to run the week after next, the chance is limited to people with business-development skills, and there's room for only six self-ads of at most 60 words each, including the person's *real* name.

Those to appear will be chosen at random from entries reaching me here by the deadline for copy, which is February 19. Even so, three impressive looking starters have already arrived at the gate.

Michael Dixon

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■ The appointment is designed to enhance existing resources by a planned transfer of expertise and knowhow. The main duties of the Bank Supervision Advisor will be to provide advice on methods and procedures to ensure compliance with rules and regulations by the various banks in the country and to conduct field reviews of the various aspects of the operation including loan portfolios, retail and money market banking operations and the overall assessment of bank performance.

■ The ideal candidate aged 40 plus should have a proven track record in bank supervision in a similar organisation such as the Bank of England or US Federal Reserve and other regulatory bodies. Accounting qualifications such as ACA, CPA is desirable.

Bank Supervisor

■ The Bank Supervisor will be responsible for managing all financial analyses activities including financial statements, portfolios and for developing performance standards for conducting investigations.

■ The ideal applicant will be a qualified accountant (ACA, CPA), and/or a member of the institute of banking with extensive experience in banking and financial institutions. The individual should be aged 30-40 and possess excellent analytical financial and communication skills.

Bank Inspector

■ The main duties of the Bank Inspector will be to carry out field inspection to ensure compliance with rules and regulations by the banks operating in the country.

■ The ideal candidate, aged 30-40, should have proven track record in bank inspection, Big 6 Bank audit experience and should be a qualified accountant, preferably ACA/CPA.

Investment Analyst

■ The Investment Analyst will be responsible for managing investment in treasury deposits, government securities, investment in blue chip shares and foreign exchange.

■ The ideal candidate should be aged 30-40 with at least five years' experience on managing investment in a similar organisation, banking and financial institutions.

Legal Advisor

■ The Legal Advisor will be responsible for providing sound advice to the Board of Directors, Governor and Senior Management on all legal matters connected with the authority. You should have good knowledge of international banking and financial institutions and legislations.

■ The ideal candidate for this position should have gained experience at an advisory level and hold a Degree in law from a recognised university, be fluent in spoken and written Arabic and English and aged 40 plus.

■ Attractive tax free salaries will be paid plus free accommodation, annual return airfare on leave and other associated expatriate benefits.

■ ***Interested candidates should forward their CV together with recent photo before end of February 1992 to Mr Sami Ali, Ernst & Young Executive Recruitment Division, P O Box 136, Abu Dhabi, United Arab Emirates. Fax: 010 9712 342968.***

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Senior Spot Dealer — to £70,000

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On behalf of two well regarded and expanding European banks we currently seek to recruit FRA/Futures dealers. Ideal candidates aged 25-30 will possess at least two years experience trading either US Dollar or Sterling FRA/Futures together with a stable and consistent trading record

Swaps Marketing — c£40,000

As a result of expansion this major European bank currently has an opening on their swaps sales desk. Ideally a graduate, the appointee will be responsible for marketing interest rate swaps to a Northern European (Scandinavia, Germany etc.) clientele. Suitable candidates will possess a minimum of two years in a similar type role.

Currency Options Dealer — c£75,000

A major international bank currently seeks a suitably senior individual to manage their currency options trading function. The incumbent aged 27-32 will possess a minimum of three years experience trading currency options gained at an active name together with a successful trading record to date.

For further details, please contact Steve Cartwright either by telephone or in writing

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Bond Sales to France	to £80K + Bens
Bond Sales to Switzerland	to £90K + Bens
Bond Sales to Scandinavia	to £75K + Bens
Bond Sales to Benelux	to £65K + Bens
Bond Sales to Italy	to £85K + Bens
Bond Sales to Holland	to £90K + Bens
Bond Sales to UK	to £95K + Bens
Bond Sales to Japan	to £85K + Bens
Bond Sales to Middle East	to £75K + Bens
Central Banks	to £90K + Bens
ECU Sales	c£60K + Bens
Derivative Sales	to £70K + Bens
MBS Sales	£Neg
Money Market – ECP Sales	£Neg
European Equity Sales	to £80K + Bens
Japanese Equity Sales	£Excellent
UK Equity Sales	to £70K + Bens
MTN Sales	£Neg

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Proprietary/Arbitrage	to £70K + Bens
ECU	to £75K + Bens
Eurobond (most currencies)	to £65K + Bens
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Euroyen	£Neg
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INVESTMENT OPPORTUNITIES

The City

Competitive salaries + financial sector benefits

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UK Equity Portfolio Manager

Reporting directly to the UK Investment Manager, this senior appointment will be expected to make a major contribution to the management of UK equity funds of around £900 million. You should have at least six years' experience in UK equities and be a team player. An analytical background would be very useful.

UK Equity Investment Analyst

The main focus of this role will be to carry out detailed analysis and to provide reports on companies and sectors. A graduate with one or two years' commercial experience gained preferably within a financial institution, you must have excellent analytical skills and the ability to present concise reports.

In return the successful candidates can look forward to a competitive salary backed by a comprehensive range of financial sector benefits, which will reflect status and experience.

Please send full career details including current salary to Ms Barbara Agyeman, Personnel Officer, United Friendly Insurance plc, 42 Southwark Bridge, London SE1 9HE. Closing date for applications: Friday 21st February 1992.

United Friendly Insurance plc

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The Business Development Department is dedicated to ensuring that our recently published Service Commitment is delivered to our client base. You will manage a team of five strongly committed and experienced staff that operate in a non-commission environment. Your strengths should be in the development of existing and new business, in effective project management, and in your commitment to Total Quality Management in an equal opportunities environment.

This is a senior appointment and the successful applicant will form part of the Trust's Management Team. It is unlikely that anyone under the age of 35 with less than five years' staff management experience will have the qualities required to succeed in this demanding position.

Please send/fax CV including management experience and salary progression to:

Charlie Hockey
Human Resources Manager
The Pensions Trust
15 Rathbone Street
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For more information about this unique opportunity please contact ***Jonathan Cohen,*** *on 081-954 8166 or fax 081-954 1755, or write to him enclosing a detailed CV at the address below.*

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Financial Training Prize for the Portfolio Management Paper
Miss R. Jordan - Sun Life Investment Management

Financial Training Prize for the Investment Regulation and Practice Paper
Cormac J. Weldon - Provident Mutual Life Assurance

The Wincott Foundation Prize for the Case Study Paper
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The following also successfully completed their SIA examinations in November 1991:

J. Austin	Postel Investment Man Ltd
A.M.Balfour	Stewart Ivory & Co Ltd
N. Blower	Co-operative Insurance Soc
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London E14 9GE

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Tel: 071-491 3920. Fax: 071-491 9709.

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Please contact Ron Bradley, Senior Consultant at:

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP
Telephone 071-623 1266 Facsimile 071-626 5259

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Attention: Brenda L Jenner / Simon R Thomas

Telephone: 071-495 2288

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European Equity Analysts

Frankfurt and London

DEUTSCHE BANK RESEARCH

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Applications, including full cv in strict confidence should be sent to the:
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Chief Manager
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AIB

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Executive Search & Selection,
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ASA International

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![Kuwait emblem]

Announcement

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Civil Service Commission
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Please apply in writing to:

Gordon Drake
Managing Director
Anglo Irish Bankcorporation (IOM) Ltd
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Initial telephone enquiries can also be made on:

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STEPHANIE COX-FREEMAN 071 873 4027

ACCOUNTANCY COLUMN

Watchdog passes first test but more to come

By Andrew Jack

THE FINANCIAL Reporting Review Panel, the new watchdog of accounting standards, is taking stock after three weeks of publicly rapping corporate knuckles.

After months of backroom work away from public attention, the panel leapt into the spotlight at the end of January. In the space of a few days, it announced settlements reached with four companies whose accounting practices it had questioned.

Now it anticipates issuing no new reprimands for several weeks. Its caseload has temporarily subsided, and it must, in any case, turn its attention to the task of selecting a new chairman. Mr Simon Tuckey, QC, the present incumbent, has just been appointed a judge and will not be able to continue his work with the panel.

"I'm quite pleased with how things have gone," says Mr Tuckey, weighing his thoughts carefully before speaking. "We have set out to make our presence known and we have dealt with a number of cases satisfactorily. I have the impression that we have succeeded in making it clear we mean business."

The panel was established in February last year as one of three arms of the new Financial Reporting Council. While the other two bodies, the Accounting Standards Board and the Urgent Issues Task Force, set new accounting standards and guidelines, the panel polices the existing ones.

Until now that has primarily meant scrutinising deviations from the Statements of Standard Accounting Practice (SSAPs) drawn up by the Accounting Standards Board's predecessor, the Accounting Standards Committee.

In the case of Williams Holdings, the industrial conglomerate and one of the first two companies draw the panel's attention, there was a contravention of SSAP 3, on earnings per share, over its treatment of disposals and reorganisation costs. For Ultramar, the oil and gas group since taken over by Lasmo, it was SSAP 8 and the interpretation of advance corporation tax. Shield Group, a property developer and estate agent, transgressed SSAP 6, concerning prior year adjustments on the value of its properties.

Finally, Forte, the hotels group, was scrutinised for its refusal to depreciate freehold and long-leasehold property. The panel decided that the company had not, in fact, broken SSAP 12, the depreciation standard, but Forte nevertheless agreed to provide more detailed information on its policies in future accounts.

The companies themselves argue that their divergence from the standard was justified, giving a truer view of the accounts in light of the businesses concerned – and did not always boost earnings.

Mr Tuckey replies: "Our approach is that if you depart from the standard you need to justify it. If you think some other treatment is preferred you should state it in a note but use the official figure in the accounts. It's a matter of emphasis."

More seriously, some critics suggest that the four chosen were easy targets, or that the punishment they received was too light. Others question the disappointing total number of settlements which have been reached so far.

There was an inevitable delay last year as the panel found its footing, identified cases to examine, and conducted its investigations. Nevertheless, its remit was to examine company accounts with financial years beginning in December 1989, all but a handful of which should now have been received. It seems surprising that it has only so far made four public pronouncements.

The criticism leaves Mr Tuckey undeterred. "We have dealt with every case that has come our way," he says. "The volume is rather larger than we had anticipated."

He stresses that the panel has written to a further 240 companies that have failed to comply with a statutory requirement introduced by the 1989 Companies Act. They have not broken accounting standards, but have simply neglected to include a note stating that their accounts were prepared in accordance with applicable accounting standards.

Some critics suggest that the four chosen companies were easy targets, while others question the disappointing number of settlements reached so far

The action may have helped to raise the profile of the panel, but it is a technicality which has probably done little directly to raise the standard of financial reporting.

In addition, the panel has held discussions with a small number of other companies over the last year, but decided they have no case to answer. In these cases, the policy is to make no public announcement. But the number of companies in this category is believed to be less than 10.

Partly the panel is restricted by its remit: it does not have the resources to probe accounts at random, and is reliant on referrals. Some have come from the Department of Trade and Industry and other government bodies; and others from individuals, including Mr Austin Mitchell, Labour MP for Great Grimsby.

Three of the four companies criticised had qualified auditors' reports to highlight their divergence from accounting standards. The fourth drew attention to its unusual treatment on the profit and loss account – rather than hiding it in an obscure note – and stated the alternative figure.

The reactive nature of the panel helps explain why those chosen appear to be relatively soft targets: they were easy for outsiders to spot. If there is a demand for greater and more aggressive policing of sloppy accounting, the panel's powers or the mechanisms feeding it information will need to be strengthened.

One thing as unclear to the members of the panel as to outsider observers is what effect it is having on financial reporting. The ultimate sanction is that the directors are forced in court to re-state their company's accounts at their own expense. That remains to be tested. Its main weapon is negative publicity.

So far that has had some clear effect: Williams Holdings' share price dropped 20p after the announcement and closed down 11p on the day. "I heaved a sigh of relief when the Williams share price dropped," said one member of the panel. "All our work would be as nothing if the market ignored it."

The danger is that media interest in the panel's edicts will wane as the novelty wears off, as they become more commonplace, or the issues being criticised appear too esoteric.

"For those of us who are out with our clients, it is obviously a talking point at the moment," says Mr Roger Davis, head of audit at Coopers & Lybrand Deloitte. "There is a realisation that they may have to justify their accounts."

"I think the existence of the panel could have a salutary effect on a number of companies. But my sense is that most are pretty supportive. The majority are irritated by the few getting away with things," he adds.

Another partner in a leading accountancy firm says: "Auditors can now take a tougher line by using the panel as a threat. To say an auditor was impotent in the past would not be true. But in a very competitive marketplace, it was quite hard to stand up for what you believed in. You yielded till any deviation from the standards was flagrant."

One other significant imponderable remains. So far the panel has reached amicable settlements with the companies it has investigated. But the ultimate appeal is to the courts, which might be called for the first time to test the Companies Act requirement that accounts present a "true and fair" view.

"That is uncharted territory," says Mr Tuckey. "But we have made it clear we're prepared to go all the way if we have to. Directors will have to take that into account."

BENSON GROUP plc

FINANCE DIRECTOR - SUBSIDIARY COMPANIES

Following a successful rights issue and recent acquisitions, the group plans to expand rapidly both by organic growth of its existing engineering businesses, and by further acquisitions in due course.

Tight financial control is an important element of our policy, and we therefore wish to recruit an additional qualified accountant to spend a short time at group before quickly moving to one or more subsidiaries as Finance Director.

Initially based at Wolverhampton, the final location is likely to be in the Midlands.

Applicants should be experienced in all aspects of industrial accounting, computer literate, possess sound analytical and commercial skills, and be capable of logical and original thought whilst working quickly under pressure.

We expect a high degree of commitment and in return you can expect a package of salary and bonus of around £30K p.a., plus fully expensed car, share options, other benefits, and the opportunity to earn higher bonuses for high performance.

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As a member of the executive team, with full accountability for optimising financial management controls and disciplines of the European operating subsidiaries, you will be expected to play a major role in driving forward business performance and improving overall operating efficiency. Early challenges will include restructuring and developing the accounting function and information systems to satisfy the needs of the shareholders as well as operating company requirements. Prospects for career development are excellent.

Applicants should be graduate qualified accountants probably in the age range 35 - 45, with an impressive record of achievement ideally gained within the distribution or industrial services sectors and at operating board level. You must speak at least one other European language and be a results and profit orientated individual with very good commercial acumen. Finally you must have the enthusiasm, drive and diplomatic skills to encourage and manage the process of change across several European cultures.

Please send full career and personal details, including current remuneration and daytime telephone number, in confidence, to Chris Haworth, Coopers & Lybrand Deloitte Executive Resourcing Limited, 76 Shoe Lane, London EC4A 3JB, quoting reference CH892 on both envelope and letter.

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- Outstanding technical skills with exposure to budgeting and rigorous reporting.
- Innovative with drive and energy. Used to working in highly pressurised environment.

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- All aspects of periodic and statutory accounts including planning and execution of the annual audit
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- Ad hoc duties including work with corporate advisors and deputizing for the Chief Accountant.

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- A high level of commitment and anability to relate to this growing environment.

If you feel that the above challenge represents the career opportunity which you seek please call Karen Wilson, BA, ACMA on 071 405 4161 or write to her at FMS, 5 Bream's Buildings, Chancery Lane, London EC4A 1DY enclosing a recent CV and a note of current salary.

Group Financial Controller

£30,000 + Car ***Esher***

Our client is the UK Divisional Group with a turnover of £80m providing contracting services to the construction sector and is part of a major multinational group specialising in engineering and construction.

Resulting from an internal promotion, there is now a need to appoint a Group Financial Controller who will implement new accounting policies and undertake the management and statutory consolidation work of this division on a multi-functional basis.

This role is seen as a good introduction to the group prior to moving into a line position in two to three years as opportunities arise.

Candidates, probably ACA's with around two years' PQE, should be experienced in producing consolidated accounts either within industry or the profession, and skilled in the implementation of PC packages. As well as producing timely and accurate information, essential requirements are the ability to interpret the results commercially, and to have the credibility to interact effectively with the line finance managers.

Please send your curriculum vitae including current remuneration and quoting reference CA380 to Carrie Andrews at Ernst & Young Corporate Resources, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

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FINANCE DIRECTOR

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Finance Director

This manufacturing and distribution group is restructuring to focus on a clearly defined business strategy for the 1990s. Seen by its competitors as one of the innovative and dynamic forces in its sector it will be ideally placed to exploit the market opportunities which are presenting themselves.

As Finance Director you will play a wide role as a key member of the board. You will bring the decisive and objective financial discipline and control which is essential to produce a slim and hungry business which will set the pace for others to follow. The role is extremely hands-on with day-to-day involvement in all areas of the business.

Probably aged around 40 and a Chartered Accountant your experience should include board experience in a business with a reputation for tight financial control.

Experience in a plc head office and in a multi-location group is probably on your cv. In personal terms you should be highly analytical and questioning and have the communication skills to have an impact on the board, with customers and with the City.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to David Owens, Coopers & Lybrand Deloitte Executive Resourcing Ltd., 43 Temple Row, Birmingham B2 5JT quoting ref D414 on both envelope and letter.

Coopers & Lybrand Deloitte Executive Resourcing

Group Treasury Department – Risk Manager

THORN EMI's strategy is to focus on a limited number of businesses which are competitive in the international marketplace. The Group's principal businesses are Rental and Music and we also have operations in Retail, Lighting, Security and Electronics. Together they generate a turnover of over £3.6 billion from activities in well over 100 markets. We have operations in 38 countries and employ over 51,000 people around the world.

We are looking for a Treasury professional with four years practical experience gained in a multi-national or a Bank. Reporting to the Deputy Group Treasury Manager, you will have a thorough knowledge of risk management techniques and the ability to hedge positions using a variety of instruments. The primary responsibilities are to: monitor the Group's interest rate and exchange translation exposures, executing hedges to ensure compliance with the parameters laid down by the Board; evaluate thoroughly Treasury proposals and new financial instruments including their tax accounting implications; ensure the Risk Management team operates efficiently.

This is a key role in a centralised treasury function and you should possess strong interpersonal skills to enable you to communicate at all levels throughout the Group and with Banks. The successful candidate is likely to be a graduate with an additional financial qualification although this should not deter an applicant with the necessary experience.

You are invited to apply by sending a detailed CV to Linda Cass, Corporate Personnel Manager, THORN EMI plc, Westmount Centre, Uxbridge Road, Hayes, Middlesex UB4 0HB.

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Finance Director

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They now wish to appoint a Finance Director who will have all-round responsibility for financial management. This will include financial accounting and reporting, management reporting, and assisting with the development and implementation of future strategy to ensure that the businesses continue to improve their market share and profitability.

Applicants must be chartered accountants, preferably graduates, with substantial experience of financial management and the regulatory requirements, gained in merchant banking, stockbroking or similar financial services organisations. The Finance Director must be a team player with the confidence to be effective at board level whilst managing a department with a committed coats-off style. A facility for systems and substantial experience of IT/computing is most important. Relocation assistance will be available if necessary.

Please apply in confidence quoting Ref. L507 to:

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 071-240 7805

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2. Assistant to the Group Financial Controller (Non-qualified). Reporting directly to the group Financial Controller, you will be responsible for assisting in the preparation of monthly corporate management accounts, group consolidation and ad hoc assignments. This opportunity would ideally suit somebody currently studying for an accounting qualification. Operational computer and Lotus 123 experience is essential.

Please reply sending CV and stating current salary to: J H D Carey, Group Finance Director, Jupiter Tyndall Group PLC, Knightsbridge House, 197 Knightsbridge, London SW7 1RB

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City

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

PERSONALITY QUESTIONNAIRES

The Facts and the Fiction

Tuesday 10th March 1992
The London Marriott Hotel, Grosvenor Square, W1
8.15am - 9.30am

The talk will be given by Professor Clive Fletcher of the University of London, Goldsmith's College, and will cover:-

- Description and rationale of the main personality questionnaires available
- Why and how personality questionnaires are used by organisations
- The recent 'debate' about the value of such personality measures
- Evaluating the claims of rival personality questionnaires
- The advantages and limitations of personality questionnaires
- Likely future developments in this field, both in the UK and the rest of Europe

Professor Clive Fletcher was for several years a consultant psychologist in the Civil Service before moving to Goldsmith's College, University of London, where he is currently Professor of Psychology. Professor Fletcher has been involved in research and teaching in the field of managerial assessment and appraisal for twenty years. Among many publications on the subject, he is co-author of books entitled 'Performance Appraisal and Career Development' and 'Psychological Testing' - the latter being the IPM's standard book on the subject. He is a Chartered Occupational Psychologist and acts as a consultant on psychological assessment to many private and public sector organisations.

Places at the breakfast are strictly limited.

A well-known British manufacturer of automobile equipment, part of an international group, wishes to recruit a director to head the finance and administration function.

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Candidates who feel they meet these requirements should send a full c.v. quoting ref AR/7011 to: Alan Endicott, March Consulting Group, March House, 13 Park Street, Windsor, Berkshire SL4 1LU.

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Finance Director

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Financial Accountant

- *The Financial Accountant will be responsible for providing advice on all accounting matters, ensuring compliance with Government Rules and Regulations and generally accepted accounting principles. The successful candidate will be expected to contribute to the development of accounting policies and procedures and implementation of computerised accounting systems.*
- *The ideal applicant for this position will be a qualified accountant (ACA, CPA) with extensive experience in accounting, auditing and computers. You should have at least three years practical management experience in a computerised accounting environment. You must be a mature individual aged 35-45 and possess excellent management and communication skills combined with European and/or North American education and experience.*
- *Attractive tax free salaries will be paid plus free accommodation, annual return airfare on leave and other associated expatriate benefits.*
- ***Interested candidates should forward their CV together with recent photo before end of February 1992 to Mr Sami Ali, Ernst & Young Executive Recruitment Division, PO Box 136, Abu Dhabi, United Arab Emirates. Fax: 010 9712 342968.***

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■ *Ernst & Young are rapidly moving to the forefront of financial systems consulting, by incorporating innovative business process redesign concepts and leading development technologies. Our practice is aimed at improving the level of service provided by the finance function of clients in private and public sectors, with a significant proportion of work being overseas.*

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■ *Please write with full CV to: Vim Anand, Ernst & Young Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU, quoting reference FIS 002.*

ERNST & YOUNG

FINANCE DIRECTOR

FCMA or FCCA

c £40k + car + benefits

Celcon Blocks Limited, the country's foremost manufacturers of aerated concrete blocks, are seeking a replacement for their Finance Director who is nearing retirement. This is a first class career opportunity in a company poised to exploit the upturn in trade after coming through the recession in excellent condition.

The successful applicant will be aged 35-45 and must be commercially aware, practical in outlook, possess technical accounting skills and be capable of a hands-on approach when necessary. Experience in preparing statutory accounts and of developing computerised operational and management information systems is essential. Previous experience of financial management at board level would also be an advantage.

The post carries responsibility for the company's general administration, data processing and human resources as well as financial control — reporting to the Managing Director but with functional responsibility to the Group Finance Director.

The appointment is at Head Office in London but involves frequent visits to the five UK regional factories.

Celcon Blocks Ltd is a founding member of the Kingsway Group, which has a turnover of £100m in the building materials sector, and which has interests both in the UK and mainland Europe.

Applications, including comprehensive CV, should be sent for the attention of the Managing Director, Celcon Blocks Ltd, Celcon House, 289-293 High Holborn, London WC1V 7HU.

CELCON

A Kingsway Group Company

FINANCIAL CONTROLLER

BIFFA WASTE SERVICES

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HIGH WYCOMBE

Biffa Waste Services Limited, part of Severn Trent Plc, is one of the UK's leading waste management companies, and the fastest growing in the field.

A vacancy has arisen for a Financial Controller who will be responsible for the day to day running of a large accounts department, maintaining tight financial controls, servicing a multi location operation covering approximately eighty sites. He/she will also be responsible for financial and management reporting, and following a recent multi-million pound investment in Information Technology, will have substantial involvement in the development and implementation of further new systems.

The successful applicant, who will be a qualified accountant, will be required to demonstrate experience in financial accounting, systems development and taxation matters, and will have gained man management skills by running a large accounts department. It is expected that the applicant will be in his/her mid thirties.

The position carries a competitive salary, a company car and the usual range of benefits associated with a large and successful company.

Applications should be made in writing, enclosing a current CV and quoting current salary to:-

Caroline Neal, Director of Personnel, Biffa Waste Services Limited Coronation Road, Cressex Industrial Estate, High Wycombe, Bucks, HP12 3TZ.

Biffa

confidential

Quantative Analyst

A leading global investment bank, our client is in the process of expanding an already successful International Equity Strategy Group. The aim is to add one highly qualified individual who will function as a Global Quantative Analyst. The individual would also have responsibility for Equity Strategy for several countries.

You should hold an advanced business or mathematics degree and have extensive knowledge of Quantative Techniques as applied to Equity Markets.

With a requirement for professionals of the highest calibre, our client is willing to negotiate an appropriate remuneration package.

In the first instance, please send a full C.V. (together with a separate list of companies to whom you would not wish your application to be forwarded) to Richard Lewis, Riley Advertising (London) Ltd., Confidential Reply Service, 159 Hammersmith Road, London W6 8BS.

Please quote ref FT/507.

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As a result of expansion and internal promotions we require two finance managers for high profile roles.

Financial Planning Manager

To develop an integrated approach to financial planning incorporating rolling and scenario planning. This requires an outward looking and pragmatic approach to evaluate major issues, opportunities and threats facing the business and to develop flexible planning processes to aid business direction and the achievement of strategic aims.

Candidates should be graduate qualified accountants (CIMA/ACA/CACA) or MBAs. Probably aged 28-34, you should have strong interpersonal skills and broad experience within a large multinational company, preferably to include planning.

Finance Manager, Accounting Development

To evaluate and implement development priorities in financial accounting to support company business and statutory needs. This will include planning and implementing the likely migration from proprietary to open systems, streamlining accounting systems and driving the financial perspective in strategic company-wide IT initiatives.

Candidates will be graduate qualified accountants (probably ACAs), aged 28-32, with experience in a large firm, management consultancy or blue chip group. This should include strong interpersonal skills and the ability to interface across functions. Technical systems experience is not required.

Glaxo values commercially minded, astute finance managers very highly and requires individuals who are able to progress within and beyond these immediate roles. The competitive package includes a salary of around £40,000, a car allowance of circa £8,000 pa, a non contributory pension, life assurance and other benefits. Relocation assistance to the company's prestigious new Head Office in Stockley Park, West of London, is offered where appropriate.

To learn more, please write enclosing your curriculum vitae, to Sue Rossiter, Director, Barrett Webb Limited, Ashbrittle House, Lower Dagnall Street, St. Albans, Herts. AL3 4PA. Telephone (0727) 57755; fax (0727) 812885.

FINANCIAL EDITOR

London

Prestigious investment banking house seeks editor to edit strategy, economics and equity research reports. Financial background, strong logic, keen eye for detail, proof-reading skills and an ability to work quickly and efficiently under pressure required. Some knowledge of graphics, layout and word processing helpful.

Send resumé in confidence to:
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Our client, a major force in international and Merchant banking, is currently recruiting for 2 senior positions within their global markets and corporate finance divisions.

PRODUCT ACCOUNTANT c.£30,000 + Benefits
Working within a highly successful equity derivatives division, this role offers excellent exposure to derivative products, FX and treasury products and analysis of traders positions as well as prospects to join the senior finance team on an executive level. The successful applicant will be a young qualified accountant with a strong maths background, and post qualified experience in banking, preferably with exposure to product accounting.

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Involvement in management buyouts, M & A work, and international project finance, the successful applicant will be a young graduate first time pass ACA with post qualified experience in banking or experience of bank audit. Knowledge of a European language is especially favourable.

Applications in writing or by phone to the Manager of our Head Office: 36-44 Moorgate, London EC2R 6EL. Telephone 071 638 3955.

Accountancy Personnel Hays

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TOP DECK TRAVEL, require a Qualified Accountant to manage its Group Accounting Department, reporting to the Managing Director.
Duties will include:
Production of monthly management accounts, budgets, cashflows etc; preparation for audit; monthly payroll, annual P.60's, P11D's etc. for 50-70 staff; licence applications and returns for C.A.A., ABTA, IATA, etc.
The successful applicant is likely to be aged 28+, flexible with excellent communication skills and conversant with spreadsheets.
Salary will be in line with experience and benefits as would be expected in the travel industry.
Please reply with current C.V. including current salary and daytime telephone number to:

Mr. G.M. Mack, Top Deck Travel Group Limited, 131-135 Earls Court Road, London SW5 9RH (*No Agencies*)

Finance Director

Our client is a medium sized plc with a turnover in the region of £12-15 million per annum in the engineering sector.

A Finance Director is required to assist with both the existing business and to diversify into new areas. Candidates must be qualified accountants and able to show a mature and experienced background - not necessarily in engineering. An above average remuneration package will be negotiated.

Applications should be sent in confidence to Box No.A1640 Financial Times, 1 Southwark Bridge, London SE1 9HL

APPOINTMENTS WANTED

BRUSSELS
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Chartered Accountant (FCA), 42, Oxford graduate, British, fluent French and Dutch, based Brussels.

Experienced and versatile Finance Director/Financial Controller, with commercial approach and sound skills in business development, acquisitions, corporate budgets, group reporting, treasury.

Please telephone: (32) 2 731 1644 or fax: (32) 236 3106

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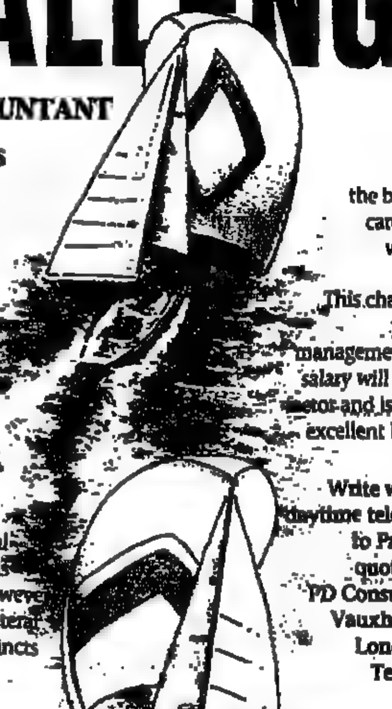

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This world renowned £billion British group, offers a rare and challenging opportunity to a young Chartered Accountant seeking a first move from the profession. Age up to 28 years, currently with a medium/large firm, you will want to apply your skills in a competitive and dynamic environment.

The brief will include periodic accounts preparation, financial appraisals, cost/benefit analysis and major project reviews. However your flexibility of approach, lateral thinking and commercial instincts will contribute not only to the business, but your career development within the group.

This challenge will allow you to fulfil your management potential. The salary will not be a limiting factor and is supported by an excellent benefits package.

Write with full CV and daytime telephone number to Patrick Donnelly, quoting ref: FT/094. PD Consultants, 314/316 Vauxhall Bridge Road, London SW1V 1AA. Tel: 071-828 2273.

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c£30,000 +
Car, Benefits

We are Manufacturers and Distributors and Market Leaders in our particular field. We are looking for a Finance Director Designate who will report to the Managing Director. The person we are seeking will be 30-45 years, CIMA qualified, who will play a significant part in the commercial development of the business and is able to lead and motivate senior staff to maintain and improve computerised information systems. The Appointee must have proven experience of forecasting and budgetary control, and show a successful financial management record.

In return, we offer an opportunity to contribute to a major programme of change, a constant challenge to your abilities and a genuine opportunity to make your presence felt throughout all aspects of our business.

Interested applicants should send a detailed C.V. to:-

HALLIS HUDSON GROUP LIMITED
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PRESTON
LANCASHIRE PR1 2SP

Company Accountant

Dunstable, Beds
Package c.£28,000 including Car

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Reporting to the UK MD, this newly created position will be responsible for financial reporting and control as well as general management of the administration function. There are twelve staff to manage including those in sales order processing and distribution areas and the company is fully computerised. The Company Accountant will also be involved in the wider aspects of business development.

Applicants are likely to be qualified accountants with experience either within the profession or within commerce. It will be necessary to demonstrate commercial awareness, decision making and analytical skills, and computer literacy. The ideal candidate will possess the maturity to manage staff and a diverse range of functions as required.

Interested applicants should send a comprehensive curriculum vitae, with salary details, quoting reference 1211 to:

Jonathan Wilkinson
Head of Executive Recruitment
Pannell Kerr Forster Associates
New Garden House, 78 Hatton Garden
London EC1N 8JA

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Our global financial services client has asked us to identify an individual for their tax-based advisory services group in London.

This high energy individual must possess the ability to manage both process and content. He/she must understand the maths and tax structures behind complex cross-border transactions. He/she must be able to invent new tax-based or accounting based structures and support a Pan-European group of 15 transactors. This person should enjoy managing people and have excellent communication skills.

Experience required for this job includes 5-10 years work with a large financial institution and at least 4 years of experience in the pricing/structuring of tax-based cross-border transactions. This person must have a university degree in maths or economics and advanced course work in operational research.

Please contact Robert M. Wax, President Kingsbury Wax, Ref SPA21 at 25 Bedford Street, London WC2E 9HP or phone Mr Wax in his USA Office 010 1617 868 6166.

Finance Director

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- Major manufacturing operation with £50m turnover and 300 employees based on one site.
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- Well resourced with strong balance sheet and poised for growth.

THE POSITION
- Full board responsibility for financial and management accounting and control.
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- Drive corporate business plan. Lead and develop accounts team of fifteen.

QUALIFICATIONS
- Qualified Accountant, aged 35-45, with sound financial management, costing and investment appraisal skills, from manufacturing sector.
- Energetic and results orientated manager with experience at board level in a pressurised environment.
- Tough but diplomatic leader with the vision and ability to motivate a young team.

Please write, enclosing full cv, Ref L0530
54 Jermyn Street, London, SW1Y 6LX

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- Responsible for reviewing all group activities to identify areas of vulnerability to fraud.
- Direct a small team of investigators and liaise closely at board level with operating subsidiaries. Report to Group Audit Director.
- Research and develop new systems and procedures to minimise future opportunities for fraud.
- Plan and implement security and anti-fraud programmes, ensuring highest standards are applied to control of cash and assets.

QUALIFICATIONS
- Graduate Chartered Accountant aged 35-45 with detailed knowledge of computer audit techniques and fraud investigations. Forensic accounting experience advantageous.
- Background either in professional firm advising and consulting on fraud with possible exposure to SROs, or in-house with internal audit role biased towards fraud and investigations.
- Sharp, enquiring mind, able to identify areas of weakness and provide imaginative solutions.
- Mature with authority, total integrity and credible at all levels. Results orientated with ability to progress.

Please write, enclosing full cv, Ref L0534
54 Jermyn Street, London, SW1Y 6LX

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Based in London

financial controller
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senior management accountant
c£28k + car + benefits

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Our rapid expansion means the operation must be controlled, monitored and continually refined if profitability and service quality are both to be sustained at the highest level.

These two appointments at our UK headquarters in London are critical to this issue, and will both work in close harmony.

The FINANCIAL CONTROLLER will take an analytical overview of contract performances and overall business operations with a view to improving the cost-efficiency and revenue potential of each contract and refining the framework of the business as a whole. This is a challenge which calls for someone who is both a skilled financial technician and an astute business analyst with a proven track record in service industries. Aged mid 30's at least, your ideal credentials would be a mix of accountancy and business school qualifications.

Providing the support in terms of figures and forecasts will be a SENIOR MANAGEMENT ACCOUNTANT - a proactive professional with experience of cost and budgetary control and performance analysis in a contracting industry. Good communication skills and a willingness to travel in order to work with Contract Managers are essential. These qualities, plus your credibility at senior level, are more important than specific qualifications, and late 20's to early 30's is the likely age range.

Environmental control is a rapidly growing industry and Onyx is a major force to be reckoned with throughout Europe and beyond. High quality career prospects are assured.

Please write with a detailed cv to: John Kutner, Financial Director, Onyx UK Ltd, Onyx House, 401 Mile End Road, London E3 4PB. Tel: 081-983 1000.

ONYX

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Starting salaries to £30,000 +
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Even if you're good enough to join the Accountancy Fast Stream, we'll still expect you to earn your stripes. But if you have the ability, commitment and ambition to fulfil your true potential, you'll find opportunities to go beyond the confines of your accountancy training and get to grips with projects that offer real intellectual challenge.

Our fast-stream programme is exactly what it says, a 'fast-stream' for people with outstanding talent, the determination to succeed and the ability to progress on merit on an accelerated career development path to senior levels of management.

We're currently going through a time of substantial change which involves developing and implementing strategies geared to achieving greater financial accountability and quality of service. So, whichever area you choose to work in, whether it's in planning financial strategy, developing initiatives, implementing change or advising ministers, you'll start at management level and enjoy immediate responsibility for matters of national importance.

As a qualified accountant, with two or more years' experience in practice or as a high level financial manager in industry, you'll be looking for a real challenge. A challenge that entails driving the business forward, managing policy changes and achieving long term objectives.

And that's exactly what you'll find with us.

Your Grade 7 salary in central London will be in the range £27,799 - £36,417 including performance related increments. Most posts are in a variety of government departments in London but there are opportunities elsewhere, including Sheffield, Manchester and Edinburgh.

For further details and an application form (to be returned by 21 February 1992) write to Recruitment & Assessment Services, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 468551 (answering service operates outside office hours).

Please quote ref: A/92/1070/FT.

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RAS
Recruitment & Assessment Services

FAST STREAM ACCOUNTANTS

FINANCIAL MANAGERS & PRODUCTION MANAGER

ORIFLAME INTERNATIONAL

Poland — Czechoslovakia

Oriflame International is a major marketing-led cosmetics Group operating worldwide, using direct sales marketing methods. Our Client, Oriflame Eastern Europe, is a venture recently established by the Oriflame Group to develop opportunities in this region. Operating already in Czechoslovakia, Poland and Hungary and with plans to expand in other markets, they are experiencing rapid growth and need good strong managers to control the business. They are offering outstanding opportunities to join a young ambitious company.

They are now seeking **Financial Managers** for Poland and Czechoslovakia and a **Production Manager** for Poland.

In Poland, they will rebuild and renovate an existing factory in the Warsaw area and run their sales and distribution for the country from this site. In Czechoslovakia, they will build their own sales and distribution offices during the coming year.

Successful candidates, aged 28-35, will be well qualified with good relevant experience. Knowledge and experience of MRP and standard costing will be an advantage for the Polish positions. In addition, candidates will be effective communicators as extensive training of local staff will be an important part of these jobs. Hence, good knowledge of the local language is essential.

These positions offer an excellent opportunity to join a young, ambitious company at a key stage in their international development. Remuneration packages will reflect age and experience but will be attractive.

Please apply directly to Ingrid Flannery at Robert Half, Freepost, Walter House, 418 The Strand, London WC2R 0BR. Telephone: 071-836 3545, or fax your details on 071-836 4942. Alternatively, contact John Archer at Robert Half, Brussels, Avenue Louise 382, 1050 Brussels, Belgium. Telephone: (010322) 647 6350. Fax: (010322) 646 3038.

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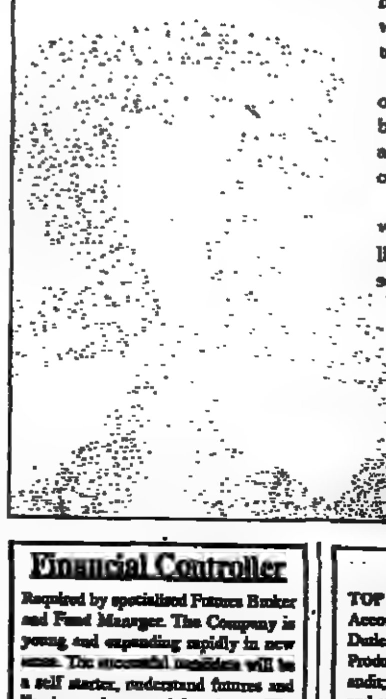

Sanwa International plc is the flagship investment banking subsidiary of The Sanwa Bank Limited, the world's fifth largest bank. Sanwa International is expanding its London-based international investment management operation with the aim of becoming a major player in global investment management.

This is a new position with a wide ranging brief encompassing unit trust administration, international securities settlement, and investment reporting. Applicants need not have prior experience in these areas - of greater significance will be evidence of a creative and open-minded approach towards the development of efficient procedures.

This is an ideal opportunity for a person eager to take on greater responsibility and/or looking for a move into banking. Applicants will ideally be graduate chartered accountants who can demonstrate a high degree of numeracy, computer literacy and strong analytical abilities.

We offer an attractive salary and benefits package which includes mortgage subsidy, non-contributory pension, life assurance and private medical scheme. Candidates should send their Curriculum Vitae to:

John Bamford, Sanwa International plc,
1, Undershaft, London, EC3A 8BR

Sanwa International plc

TREASURY ACCOUNTANT

NE London
c£28,000 + bonus + car

Bush Boake Allen Ltd., a subsidiary of the $3 billion turnover Union Camp Corporation, is an international market-leading manufacturer of flavours, fragrances, natural products and aroma chemicals used exclusively in the food, beverage, pharmaceutical and household products markets.

This complex and growing global business is based on total customer satisfaction, top quality products and the innovation and participation of our employees. Efficient financial management is central to achieving our business strategy and, as such, the Treasury Accountant is at the heart of our operations.

Reporting to the International Finance Director, you will help to provide strong cash flow management for our increasingly diverse operations. As well as possessing a degree and/or a professional qualification, you will need experience in treasury systems design and development.

At least five years' treasury experience in a commercial manufacturing environment is desirable. During that time you will have dealt with exchange rate exposure, foreign exchange transactions, borrowings and deposits. You should also be familiar with the preparation of pension scheme accounts and have a basic grounding in payroll systems.

Applications in confidence to: Peter A Mani, Bush Boake Allen Ltd., Blackhorse Lane, Walthamstow E17 5QP.

Bush Boake Allen Ltd.
A subsidiary of Union Camp Corporation U.S.A.

Financial Controller

Required by specialised Futures Broker and Fund Manager. The Company is young and expanding rapidly in new areas. The successful candidate will be a self starter, understand futures and foreign exchange and the relevant SFA regulations. The job requires organisational skills, the ability to deal with banks, brokerage and customer reconciliations and accounts. An international outlook will be useful.

Write Box A1750, Financial Times, One Southwark Bridge, London SE1 9HL.

ACCOUNTS MANAGER £NEG

TOP DECK TRAVEL, requires a Qualified Accountant to manage its Group Accounting Department, reporting to the Managing Director.

Duties will include:
Production of monthly management accounts, budgets, cashflows etc, preparation for audit; monthly payroll, annual P.60's, P11D's etc. for 50-70 staff; licence applications and returns for C.A.A., ABTA, IATA, etc.

The successful applicant is likely to be aged 28+, flexible with excellent communication skills and conversant with spreadsheets.

Salary will be in line with experience and benefits as would be expected in the travel industry.

Please reply with current C.V. including current salary and daytime telephone number etc.

Mr. G.M. Mack, Top Deck Travel Group Limited, 131-135 Earls Court Road, London SW5 9RH (*No Agencies*)

FINANCIAL TIMES
COMPANIES & MARKETS
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Friday February 14 1992

INSIDE

Crest Nicholson says house sales increase

Crest Nicholson, the south-east of England-based housebuilder and property developer, *incurred pre-tax losses* of £59.4m ($107m) during the year to October 31, against *pre-tax profits of* £8.06m last time. Mr John Callcutt (left), chief executive, also revealed that house sales had increased last month. He said it was too early to say if the rise would mark a recovery in the UK *housing market*. Page 22

Sun shines on NZ farmers

Things are looking up for New Zealand's dairy farmers, thanks to currency changes and firmer international demand. The change has come relatively quickly. Last season was disastrous for the industry, with returns at historic lows. Most farmers, who receive no state *assistance or subsidies*, operated at a loss, and there was real concern that many would abandon their farms. Page 24

Drought hits the veldt

South Africa's farmers have been hit by one of the worst droughts in living memory. The government has said it will act to prevent farmers leaving the land, and is understood to be contemplating substantial drought aid. Page 24

Western Mining declines

Western Mining Corporation, the Melbourne-based nickel, gold and aluminium group, crashed into the red in the first half to December following a A$20m (US$15m) write-down of its mining assets. Page 16

Japan poised to lift barriers

Liberalisation of Japan's financial markets, currently being reviewed by the ministry of finance, will mean the gradual removal of legal barriers which have restricted introduction of new investment products. Page 19

Wall Street carries Europe along

European equity markets showed strong activity last month after the holiday shutdown, generally being carried along by a buoyant Wall Street. With the exception of Spain volume was positive throughout the continent. Back Page

Italy simmers over SIM criticism

After years of foreign jibes about "cowboy" financial markets, Italy's lawmakers have reacted angrily to demands from abroad for changes to securities market legislation which has only just taken effect. Foreign bankers claim the legislation, named after the Societa di Intermediazione Mobiliare (SIM), the novel type of securities trading house it creates, is anti-competitive and breaches the Treaty of Rome. Page 20

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Aachen Mch	855	+	20
Asko	731	+	13
Schmalbach	533	+	9.5
Springer Axel	513	+	8
Falls			
Lufthansa	815	−	5
Mannheim Vers	780	−	10

NEW YORK ($)

Rises			
Digital Equip	61⅛	+	2
Ford	35⅛	+	½
Falls			
BP ADRs	59½	−	3
Merck	151⅝	−	2
Pfizer	73½	−	1¾
Schering-Plough	58⅞	−	⅝

New York prices at 12.30.

PARIS (FFr)

Rises			
Air Liquide	724	+	25
Schneider	640	+	20
Worms Cie	378	+	20
Falls			
Fonc Lyonnaise	588	−	11
Gaumont	670	−	19
Intertechnique	705	−	15

TOKYO (Yen)

Rises			
Nihon Unisys	1650	+	170
Toyo Steel	1150	+	100
Toyo Sugar	499	+	34
Falls			
Fukusuke	1250	−	100
Takisha	2390	−	180
Towa Meccs	400	−	60

LONDON (Pence)

Rises			
AIT	413	+	23
Barbour Index	255	+	22
Birmid Qlty	56	+	5
Cannon St	27	+	3
Carlos Foods	130	+	21
Crest Nichol	37	+	8
Elliott (B)	10½	+	3
Euro Motor	130	+	6
Grampian TV A	125	+	15
[illegible]	19	+	4
[illegible]	350	+	20
Protean	230	+	22
[illegible]	38	+	5
Securicor A	805	+	25
Sherwood Comp	205	+	14
[illegible]	108	+	8
WPP Group	58	+	10
Wickes	72	+	6
Falls			
Airtours	245	−	15
BP	274	−	10
Harland Simon	253	−	[illegible]
[illegible]	66	−	9
RPS Group	30	−	9
Stanhope	31	−	5

Payouts from BP just match inflation

By **David Lascelles**, *Resources Editor, in London*

BRITISH Petroleum, one of the UK's top blue-chip companies, decided to hold its final dividend yesterday, leaving shareholders with a payout for the whole year which barely matched the rate of UK inflation.

Mr Robert Horton, chairman, blamed the move on BP's poor fourth-quarter result which saw profits plunge to £72m ($130.3m) from £456m on a replacement cost basis. He described the result as "extremely disappointing", and added to the gloom by predicting that the next six months would be no better than the last.

Investors had been hoping that BP – which has not raised its quarterly dividend since the first quarter – would boost its final payout to give them an increase in real terms in line with its recent policy. But yesterday's final dividend of 4.2p makes a *full-year total of 16.8p. This is an* increase of 4.7 per cent against inflation last year of 4.5 per cent.

The London stock market reacted with disappointment, marking BP shares down by 16p to 268p, though they later recovered to close at 274p.

BP took the opportunity to restate its dividend policy yesterday. *This is to offer real growth* "over a run of years" based on an operating strategy designed to enlarge the corporation in real terms. But BP also said: "You can't pretend that difficult years aren't difficult. Given that our quarterly declaration of dividends is a very flexible signalling process, now seems an appropriate moment to pause for breath and take stock of the general economic environment."

Mr Horton said he wanted to "knock firmly on the head" any suggestion that there was a board split over the dividend decision. There was debate, he said, but not a division.

While BP was clearly suffering from the effects of recession, it had taken firm steps to adjust to the weaker oil price, around $18 for North Sea crude, down from $24 last year. All BP's businesses had been tested against $18 oil, he said, and had proved robust.

In a comment clearly aimed at the OPEC meeting in Geneva, he predicted a worldwide shortfall of 20m barrels a day by 1999 at current price levels.

BP's replacement cost profit for the whole year was £1.085bn, down 14 per cent from £1.2bn.

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US carmaker hit by falls in two leading markets, writes Kevin Done

Ford pulled into $2.3bn loss as UK turns sour

THE HUGE $2.26bn net losses incurred last year by Ford, the world's second largest vehicle maker, derived mainly from the US and the UK.

The long recession in the US has sapped the big three US carmakers, General Motors, Ford and Chrysler, but only Ford has *seen its main European profit* source, the UK, turn sour at the same time.

Traditionally, Ford of Britain has been the mainstay of Ford's profits in Europe and helped out its US parent company during periodic crises.

Ford is the dominant market leader in the UK with 24.2 per cent of the new car market and a share approaching 50 per cent in some segments of the UK light commercial vehicle market. Now it is the parent company that is having to shell out additional capital to rescue its British subsidiary.

Ford's traditional operations collapsed into loss in the UK last year and its woes were compounded by the performance of Jaguar, the UK luxury carmaker, which it took over for £1.6bn ($2.84bn) at the end of 1989. Jaguar made a pre-tax loss last year of £226m compared with a £66.2m loss in 1990, reflecting a severe reduction in sales volume coupled with large restructuring costs.

Worldwide Jaguar retail sales fell to 25,661 last year from 42,753 a year earlier, under the impact of recession in its two main markets, the UK and the US. It was also burdened last year with the heavy costs of cutting its workforce by around a third to only 8,000.

Ford claimed yesterday that it *had made money last year in its* other main European markets – Germany, France, Italy and Spain – but the huge deficit in the UK forced the overall European operations into loss.

Ford of Europe's automotive operations, including Jaguar, slumped to a net loss last year of $1.079bn from a net profit of *$145m in 1990 and a profit of* $1.19bn in 1989.

Ford's worldwide automotive operations lost $3.2bn in 1991 compared with earnings of $99m in 1990. Automotive losses were $2.2bn in the US (a loss of $17m *in 1990) and $970m outside the* US, compared with profits of $116m in 1990.

The profits made in continental Europe last year and in some other overseas markets were more than offset by losses of $761m at Ford of Britain and $354m at Jaguar.

Mr Harold Poling, chairman of *Ford, held out little hope for an* early improvement this year. "Many of the problems that affected us in 1991 are continuing into 1992 – soft economies, intense competition and excess industry capacity." He claimed that Ford's operating results worldwide would show a "substantial improvement" because of *the company's "relentless" cost*-cutting programme coupled with a gradual economic recovery during the year.

The same main factors hit Ford's automotive profits in the US and UK, namely lower vehicle *production, much higher market*ing costs in the form of discounts and other financial incentives to push sales, and heavy costs for the development of products.

Marketing costs last year jumped in the US to 16 per cent of its revenues from 12 per cent in 1990 and only 6 per cent in the mid-1980s.

In the UK, Ford's total costs for "liquidating" the stocks that it allowed to mount up escalated to 24 per cent of revenues from 14 per cent in 1990.

Mr Ian McAllister, chairman and managing director of Ford of Britain, insisted yesterday that the UK operations were now in better balance, but refused to *indicate when the company* might emerge into the black. "We have a better balance in our business because we have got our production and stocks under control and have got our marketing expenses down because of that."

*Ford of Britain, excluding Jag*uar, used only about 70 per cent of its plant capacity last year with its Halewood, Merseyside, production plant suffering 110 "down days" with no output, and the Southampton Transit van plant suffering 50 "down days".

In January, overall UK car and commercial vehicle sales *slumped, but Ford of Britain is* forecasting some modest recovery in the second half of the year.

In the first two months of this year, the Southampton van plant has been working virtually half-time, however, with output stopped on 24 production days to the end of February.

At the same time, the Dagen*ham and Halewood plants are* becoming more dependent on export markets in Europe just as new car demand in Germany in particular is set to slide from last year's record level.

Harold Poling, chairman, holds out little hope for early improvement this year

Colgate to buy Mennen for $670m

By **Nikki Tait** in New York

COLGATE-PALMOLIVE, the large US household products company, is to buy Mennen, a privately-owned personal care products manufacturer, for around $670m.

News of the purchase came as Colgate unveiled after-tax profits of $124.9m for the year. This compares with $321m in 1990, but the total was struck after a $243m restructuring charge taken in the third quarter.

Mennen is based in New Jersey and has 16 per cent of the US deodorant and anti-perspirant market, according to Colgate. It also makes baby products and mens' toiletries.

Colgate said it was Mennen's *exposure to less developed mar*kets, particularly Latin America, that made it an attractive purchase. Of Mennen's total $550m-plus sales, around $275m is derived from the US. No profits figures were disclosed.

*Colgate maintains that Men*nen's lines should complete its personal care products, which range from toothpaste to soaps. Colgate will meet around 80 per cent of the purchase price in stock and the rest in cash.

In the final quarter of 1991, Colgate sales rose from $1.48bn to $1.57bn, with after-tax earn*ings advancing from $73.5m to* $86.9m. For the year overall, sales rose from $5.69bn to $6.06bn, with annual volume growth reaching 5 per cent.

The company acknowledged that some additional sales came from the Murphy Oil Soap acquisition, but said that US unit volumes were up 6 per cent before *taking account of this.*

The company said that, with the third quarter restructuring charge omitted, profits showed a 15 per cent increase.

Colgate shares rose $¾ to $48.

Hanson changes to quarterly dividend

By **Roland Rudd** in London

HANSON, the Anglo-US conglomerate, yesterday announced a new dividend policy to minimise its tax charge as it reported a 6 per cent fall in pre-tax profits in the *first quarter* to the end of December 1991.

Lord Hanson, chairman, blamed the recession in the UK and the US for the fall in taxable profits to £226m compared with £241m a year ago, its first-ever quarter-on-quarter fall. Sales rose to £2bn against £1.9bn, while diluted earnings per share were unchanged at 3.9p because of the change in dividend which has resulted in a lower tax charge for the first quarter.

To minimise its advanced cor*poration tax liability for the year* to September 30, 1992, Hanson will pay its dividend quarterly from July. There will be three further payments in October, January and April.

The quarterly dividends will not be less than 2.75p totalling at least 11p by April – the same as last year's full dividend.

Last year shareholders received 3.15p in July and 7.85p in February enabling Mr Martin Taylor, vice chairman, to argue they would be better off since *they would receive 75 per cent of* the dividend by January – earlier than last year.

However, Mr Charles Pick, conglomerate analyst at Nomura, said: "Hanson will be affected by the dividend move since it is tantamount to a cut in the dividend payment for 1991-2 although it equates to a maintained dividend on a tax-year basis."

Hanson's shares yesterday fell 2p to close at 197¾ in London, reflecting market unease at the change of dividend policy.

Some institutional shareholders yesterday put the move down to "financial wizardry" while others said the group was being "too clever by half".

Analysts estimated that the move was worth up to £50m in tax benefit because Hanson would only declare two dividends this financial year. This will boost group earnings per share and allow Lord Hanson to announce record earnings per share for the financial year.

Mr Taylor said the change was *in response to growing interna*tional interest in Hanson and its US ADRs. Most US companies pay quarterly dividends.

Shareholders are likely to ask for a detailed explanation from Lord Hanson and Lord White in London today.

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Unilever takes £60m charge for sale of business interests

By **Guy de Jonquières**, *Consumer Industries Editor, in London*

UNILEVER, the Anglo-Dutch food and consumer products company, has put up for sale most of its agribusiness interests. The decision will result in an extraordinary charge of about £60m ($106.4m) after tax against 1991 fourth quarter profits.

The *disposal plans cover five* business units with 4,000 employees and total annual sales of about £500m.

Unilever said the planned disposals were in line with its policy of focusing on core activities. It was in *talks with prospective* buyers for several of the businesses and was actively seeking other bidders. The businesses to be sold are:

● BOCM Silcock, the UK's leading animal feeds supplier, with about 18 per cent of the market. The business, which includes Paul & Vincent, an Irish animal feeds company, and several smaller interests, had sales of £320m in 1990. Industry analysts estimate its operating profits at about £20m in 1990.

● Marine Harvest International, Scotland's largest salmon producer, accounting for about a *quarter of* total production. The company also has fisheries in Chile and prawn farming operations. It had 1990 sales of £50m and is estimated to have lost about £15m that year because of falling Scottish *salmon prices.*

Marine Harvest, which employs 600 people, said its performance in Scotland improved sharply last year, and it expected to benefit from better salmon prices this year.

● Barenbrug, a *geographically* diversified group of 10 grass-breeding companies. Unilever has a 60 *per cent* stake in the group, which it has offered to the other shareholder, Barbelle of the Netherlands. The group has annual sales of about £50m.

The other interests on sale are Malta Clayton, a Mexican animal feeds operation, with annual sales of £80m, and a 76 per cent stake in AMI, a small Italian corn hybrid breeder.

The £60m charge, arising from the write-off of goodwill and expected losses on some of the assets to be sold, will almost exactly offset a £63m extraordinary fourth quarter gain from Unilever's disposal of the 4P packaging group last year.

Unilever, which had agribusiness sales of £797m in 1990, plans to retain its Cambridge-based *plant breeding operation and its* tea and palm plantations.

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FT study shows investor differences

By **Peter Martin**, Financial Editor, in London

A STUDY of how institutional investors in the UK and US invest in continental equities reveals marked differences between the two centres.

The survey was carried out *late last year* by Makinson Cowell, the investor relations consultancy, and the Financial Times. It covered 96 internationally-minded fund management firms, with an average portfolio size of around $10bn, handling between them half of all investment by UK and US institutions in continental Europe.

To judge a company, UK fund managers rely more heavily on personal meetings with its senior managers, research by *brokerage* firms and contacts with brokers' analysts than do US fund managers. *For* US investors, personal meetings tie for first place with annual reports and other corporate information. Press reports are also important to US fund managers, unlike their UK colleagues.

Active investment management styles are much more popular in both centres than passive ones: in all, 14 per cent of UK- and US-owned continental equities are passively managed or indexed, according to the survey.

Among those institutions that use passive management for continental equities, US firms are far more committed to the technique: 76 per cent of their portfolios are passively managed, on average, as opposed to 38 per cent in UK institutions.

Investing in a company's shares was twice as popular among US fund managers as buying its American Depositary Receipts. Among UK fund managers, only 11 per cent said a *London listing* would make them more likely to buy the shares.

A continuous on-line price *quote (as provided by the London* Stock Exchange's Seaq International system) would make 53 per cent of US investors more likely to buy the stock, but would have the same effect on only 28 per cent of UK investors.

One common theme was concern about information on corporate activities and potential barriers to ownership. Even in Germany, to which investors' attitude was otherwise uniformly positive, 72 per cent of US investors and 50 per cent of UK investors cited availability of information as an obstacle.

Anglo American Perspective, published by Makinson Cowell and the Financial Times. £595. Available from Makinson Cowell 071-490-4977

Leading BP investors to question chairman's role

By Norma Cohen, Investments Correspondent, in London

BRITISH Petroleum's institutional shareholders plan to question Mr Robert Horton, chairman and chief executive, over his dual role.

The shareholders said the company's poor fourth-quarter results, announced yesterday, and its forecast of tough trading conditions ahead, had forced them to look at corporate governance. They plan to question Mr Horton at meetings likely to begin next month.

Mr Horton and other senior BP board officials typically conduct a series of shareholder meetings in the weeks following release of year end figures.

The Bank of England-backed Institutional Shareholders Committee and the Association of British Insurers say the functions of chairman and chief executive should be filled by different people.

"It's obvious that Horton is a strong, dogmatic personality and he might need a different chairman to counterbalance that," one shareholder said. While his dual role would have attracted little comment in better times, concern is mounting about BP's long-term strategy and its dividend policy, the shareholders said.

Yesterday, BP announced it would keep its fourth-quarter dividend unchanged at 4.2p, despite widespread expectations that it would be increased modestly in line with inflation. Share prices closed 10p lower at 274p in unusually active trading, amid speculation that several large institutions had pared their holdings.

Mr Horton had earlier promised that dividends would maintain their value in real terms. A failure to increase it last quarter signals a change in policy. Shareholders had viewed the fourth-quarter's dividend as setting the trend for 1992.

Mr Horton has already responded to shareholder unease by agreeing to appear at a breakfast meeting for oil industry analysts.

Fermenta share trade halted

By Robert Taylor in Stockholm

TRADING in shares of Fermenta, the Swedish industrial group, and its finance company subsidiary, Independent, was halted yesterday on the Stockholm bourse Fermenta said the suspension was due to the heavier-than-expected losses suffered by Independent in the last four months of 1991. The losses halved its share capital.

Independent said it was in talks with a Swedish bank consortium and its chief shareholders. These include Bilspedition, the Swedish transport group, and the holding company, Industrivarden.

The talks are aimed at how best to restore Independent to financial balance. A further statement will be made next Tuesday.

Last September, share trading was suspended in Fermenta and Independent because of the financial deterioration of the companies. The chairman and chief executive of Fermenta subsequently resigned. A consortium of five banks agreed to extend a SKr4bn ($688.5m) credit line to Independent.

For the first eight months of last year, Fermenta made a pre-tax loss SKr357m. It was just over two years ago that Fermenta announced plans to create a large finance company by merging Independent with Infina, another Swedish finance company, in a SKr1.8bn deal.

The share price suspension represents another chapter in the crisis-strewn history of Fermenta. In 1986, the company, founded by Mr Refaat El-Sayed, found itself at he centre of Sweden's largest financial scandal.

● Mr Hans Dahlberg, the chief executive of Folksam, one of Sweden's largest insurance groups, resigned yesterday in the face of credit losses totalling SKr1bn last year.

● Forenings, the commercial bank, yesterday announced a financial loss of SKr935m due to credit losses of SKr2.8bn.

Compagnie Bancaire net tumbles 23%

By Alice Rawsthorn in Paris

COMPAGNIE Bancaire yesterday highlighted the problems of the French financial services sector by announcing a 23 per cent fall in group net profit, to FFr1.15bn ($210m) in 1991 compared with 1990.

The company, the largest part of the Paribas investment bank – with interests in leasing, consumer credit and direct mail insurance – attributed the fall to the difficult economic climate in France and the UK. It was also affected by a poor performance from its Sinvim business, which was hit by the sharp fall in the Paris property market.

The news of Compagnie Bancaire's slide follows a warning from Paribas that it had made its first-ever loss in 1991. The two main US credit rating agencies, Moody's and Standard & Poor, have since put Paribas under surveillance.

Compagnie Bancaire said the value of credit distributed by its businesses last year fell by 8 per cent to FFr76bn. One reason was the economic slowdown in France, which sapped confidence and drained demand for loans. Another was a strategic shift into higher margin business. The recession in the UK, its main market outside France, was chiefly responsible for the 21 per cent fall – to FFr16.4bn – in credit distributed to other countries.

By contrast, the company benefited from strong growth in life insurance and savings.

Fujisankei may sell its 25% stake in Virgin Music

By Bronwen Maddox in London

FUJISANKEI Communications, the Tokyo-based media group which holds 25 per cent of Mr Richard Branson's Virgin Music Group, is likely to sell its stake if talks to bring in a new majority shareholder for the business are successful.

Discussions, which could be concluded by the end of the month, are continuing with Bertelsmann AG, the large German media group and Thorn EMI, the UK-based electrical and entertainment group. A third US-based company is understood to have entered the bidding circle in the last week.

Mr Branson is attempting to negotiate a joint venture or phased reduction of his stake. He is keen to retain some investment for what one observer of the deal described as "sentimental reasons" – he created the division 20 years ago, and built his airline and retailing empire around it.

Fujisankei, which paid $150m in 1989 for its 25 per cent stake, is not one of the bidders for the music division. Prices under discussion – understood to be over $1bn – would represent a considerable profit over Fujisankei's initial investment.

Not only has the division's turnover risen in that period, to about £350m, ($633m) but also valuations of cash-flow from libraries of copyrights have risen. The division is the world's largest remaining independent label, but it has lacked manufacturing or distribution, which the interested bidders could contribute.

Fujisankei is prepared to sell its stake – at a profit. It is believed to be reluctant to remain a minority partner if a new company takes over majority control.

Mr Branson vigorously denies that the need for cash in his other companies is the reason for the negotiations.

His airline, Virgin Atlantic, which his executives describe as his real love in recent years, has a steady capital investment programme, but this would absorb only a fraction of the proceeds.

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Shareholders return to court BBL

Andrew Hill looks at changing roles for the Belgian bank's owners

BELGIAN banks are beginning to look exciting again. On Tuesday, Banque Bruxelles Lambert (BBL), the country's second largest bank, confirmed it was being courted by three of its largest shareholders – all financial services companies – with a view to linking their simpler personal insurance products to BBL's extensive retail banking network.

BBL has been at pains to emphasise that such commercial links will not necessarily mean shifts in its shareholder register, but analysts and investors are not so sure. "You can come up with all sorts of scenarios," says one. "The shareholder structure of BBL is very disparate and very unstable."

The widespread ownership of BBL's shares dates back to the 1980s, when Groupe Bruxelles Lambert (GBL), the sprawling Belgian holding company chaired by Mr Albert Frere, redistributed its 40 per cent stake in the bank among a number of institutional shareholders.

Many of those were insurance companies making portfolio investments. To preserve the stability of the structure, the largest investors, including GBL, agreed to notify each other about purchases and potential sales of their shares. That syndicate's shareholdings now represent more than half of the bank's capital.

However, the accelerating liberalisation of the EC financial services sector means European insurers are no longer mere passive investors in banks.

The trend is towards so-called "bancassurance" links between the two financial sectors. Germany is criss-crossed by national and regional alliances; French banks now write more than 50 per cent of their new life insurance business; and many British building societies have linked with life assurance companies.

BBL'S MAIN SHAREHOLDERS

Shareholder	%
Groupe Bruxelles Lambert	11.53
La Royale Belge/Urbaine UAP*	11.72
SBH Investment	7.53
Internationale Nederlanden Groep**	5.86
Winterthur	4.78
Merchant Navy Officers' Pension Fund	3.21

* UAP controls 47 per cent of Royale Belge and 2.37 per cent of BBL. Royale Belge has a 9.35 per cent stake in BBL. ** ING's shares are held a wholly-owned unit La Patriotique/De Vaderlandsche.

At the same time, Belgium's banking supervisors have recently agreed to relax rules which restrict the role of shareholders in banks. Now they can have a greater hand in shaping policy. Board changes announced at Tuesday's annual meeting of BBL reflected the new regime: two GBL executives – including Mr Gerald Frere, son of Albert – were elected to the board, as was a director of the Belgian unit of Winterthur, the Swiss insurer which owns a 4.78 per cent stake.

Another large player – Internationale Nederlanden Groep (ING) – is also agitating for more power in the group. The Dutch financial services company was formed last year through one of Europe's most spectacular bancassurance mergers, between the largest Dutch insurer, National Nederlanden, and NMB Postbank, its third largest bank.

ING, which owns 5.86 per cent of BBL's shares, was already a focus for speculation about the bank's future because of press reports last year indicating it wanted to bid for the group.

It never commented then, but on Tuesday it said it certainly wanted a seat on the board and confirmed that it was discussing various forms of banking and insurance co-operation with BBL.

ING is not a lone suitor, a fact which could create friction. BBL is much deeper into talks with the Belgian group, Royale Belge – most of which is controlled by Union des Assurances de Paris – and Winterthur.

Details of the deals under discussion are sketchy. Mr Jacques Thierry, BBL's chairman, said on Tuesday the position would be clearer by the time of the next board meeting in March. "There'll be no revolution in the bank's shareholder structure," he added.

Keeping commercial and investment collaboration separate may be difficult, however. BBL already sells insurance products linked to savings or loans, and reinsures these through its insurer-shareholders, in line with the size of their holdings.

Winterthur has suggested it would be logical to raise its stake – perhaps to the same level as Royale Belge's 9.35 per cent holding – as it increases its influence over management of the company.

As one Brussels analyst pointed out yesterday, insurers spurned in any bancassurance deal might just decide to sell out, upsetting the balance of power within the share register.

This is all potentially good news for simple investors in BBL, shares in which have risen nearly 14 per cent since speculation about an ING bid began. They may well be advised to hold on.

GBL said before Christmas the bank's main shareholders had no intention of selling their BBL shares to ING "in the current circumstances". Those circumstances are gradually changing.

Unitas profit slides to FM128m

By Robert Taylor

UNITAS, one of Finland's largest banking groups, yesterday announced a FM128m ($29.3m) profit for 1991, compared with FM480m for the previous 12 months.

The deterioration was mainly due to a 44 per cent increase in credit write-offs, which rose from FM759m to FM1.09bn last year, to represent 0.77 per cent of total claims. Non-performing loans totalled FM5.72bn at the end of 1991.

The bank emphasised, however, that it had maintained its capital adequacy ratio at 10.3 per cent. It plans to pay a total dividend of FM94m.

Group equity and reserves amounted to FM10.2bn at the end of last year, and the balance sheet rose to FM151bn. Net income from financing operations was FM2.32bn, down FM252m on the 1990 figure.

Despite the weak earnings performance, Mr Ahti Hirvonen, chairman, said Unitas was "well poised to face the coming upturn", though he believed a recovery was unlikely before late autumn.

"Credit write-offs will remain heavy this year and non-performing loans will continue to increase," he said. He emphasised that the group's credit write-offs/claims ratio remained "considerably lower than those of the major Swedish banks".

Mr Hirvonen said the "major problem facing Finnish banks is the excessively low interest margin". The group's broad interest margin was only 1.4 per cent last year.

He said the bank faced "no serious international exposure" and that its cost-cutting programme made FM40m savings last year. Staff had fallen by 1,500 to 8,207 over the past three years.

Dyno hurt by weak demand

DYNO INDUSTRIER, the Norwegian chemical, explosives and plastics group, yesterday reported a decline in 1991 net profits, to NKr52m ($8.3m) from NKr247m in 1990, writes Karen Fossli.

The setback was attributed to week demand in core international markets, plus restructuring charges and write-downs. Dyno took a NKr118m restructuring charge; a NKr16m write-down on share portfolios; a NKr15m goodwill write-down; and a NKr17m write-down on equity shareholdings in other companies.

It is cutting its 1991 dividend to NKr2 a share from NKr3.50.

Continental Air creditors file suit against Lorenzo

By Nikki Tait in New York

CREDITORS of Continental Airlines, the fifth largest US carrier and one in bankruptcy since late 1990, have filed a suit against Mr Frank Lorenzo, the airline's former chairman and chief executive. The suit, brought by the official creditors' committee, claims $180m in damages.

Mr Lorenzo, known as a pugnacious union-buster and wily deal-maker, quit as Continental's boss in August 1990, although he remained a director. At that stage, he also sold the privately-owned Jet Capital company – in which he and other Jet Capital directors had an 80 per cent stake – to Scandinavian Airlines System.

Jet Capital, in turn, held a big stake in Continental, and SAS ended up with 18.4 per cent of Continental's voting rights.

However, before the end of 1990, Continental had sought protection under Chapter 11 of the US Bankruptcy Code – a situation which still exists, although the airline has now filed a reorganisation scheme with the courts. Under this proposed plan, ordinary shareholders in the airline would get nothing – rendering SAS's equity stake worthless.

The creditors' lawsuit alleges that Mr Lorenzo, Jet Capital and Mr Robert Snedeker, another Continental director, received $41.6m as a result of the series of transactions with SAS in August 1990. It suggests that the payments were made when Continental was already insolvent, breaching Mr Lorenzo's and Mr Snedeker's duties as directors of the company. It also argues that Mr Lorenzo and Mr Snedeker benefited from a preferential transfer which preceded the SAS deal.

The creditors' committee stressed that SAS was not a defendant in the suit. Lawyers said the suit alleged a mixture of fraudulent conveyance, breaches of fiduciary duty and preferential transfer.

Mr Lorenzo's Houston-based investment company said the businessman believed the actions cited in the creditors' complaint were "perfectly appropriate and in the best interests of Continental". It added that Mr Lorenzo and Mr Snedeker has been advised by lawyers that the suit was "totally without merit".

CBS incurs deficit of $85.8m

By Karen Zagor in New York

CBS, the US media group, has posted a net loss of $85.8m, or $5.32 a share, for 1991 after an after-tax loss of $195.5m from its baseball and football television coverage. In 1990, CBS had net earnings of $110.8m, or $4.30 a share, including an after-tax loss of $171.2m, or $6.65, on its sports contracts.

Sales in the year fell 7 per cent to $3.04bn from $3.26bn.

Earnings in 1991 were also depressed by what Mr Laurence Tisch, chairman and chief executive, called a "stubborn" recession, expanding cable competition and rising programming costs. For the fourth quarter, CBS had net income of $9.4m, or 61 cents a share, on sales of $987.4m, against a loss of $158m, or $6.06, on sales of $919.7m.

Fourth-quarter operating earnings were $9.4m against an operating loss of $175.3m a year earlier. CBS's loss from continuing operations for all 1991 was $98.7m against profits of $91.5m.

CBS, which paid $1.06bn for its four-year baseball contracts has had pre-tax losses of $604m for its sports coverage. CBS said these contracts had been reduced to net realisation value and no further write-offs were expected.

Mr David Londoner, an analyst at Wertheim Schroder, said the results roughly met his expectations. "I'm happy the third-quarter charge is done with. CBS has good ratings now and 1992 is starting to look better." Mr Londoner expects CBS to earn $9 a share in 1992.

Mr Tisch expected to return to profitability in 1992 in spite of reduced advertiser demand for broadcast commercial time in the first quarter.

Hungarian investment by Alcoa

By Kenneth Gooding, Mining Correspondent

THE ALUMINUM Company of America (Alcoa), the world's largest aluminium company, is to spend about $50m to take a controlling interest in and upgrade facilities at Kofem, a wholly-owned subsidiary of the state-owned Hungarian Aluminium Industrial Corporation (Hungalu).

Kofem, located at Szekesfehervar, 35 miles south-west of Budapest, employs 3,000 and produces 110,000 tonnes a year of flat-rolled aluminium products and 30,000 tonnes of aluminium extrusions for the building, construction, food and agricultural markets in Hungary, central and western Europe.

The two companies have signed a memorandum of understanding which enables Alcoa to look more closely at what needs to be done to upgrade at Kofem.

Kofem now uses aluminium from Russian smelters and the issue of future supplies will be part of discussions before a final agreement is signed, probably in the middle of this year.

Alcoa said its investment would be used to upgrade quality and safety at Kofem and that it would provide the management, technology, and systems needed to make the venture a successful competitor throughout Europe.

However, it did not intend to expand capacity or to introduce can sheet production at Kofem.

Zenith edges into black in final period

By Barbara Durr in Chicago

ZENITH Electronics, the US consumer electronics group, yesterday unveiled improved fourth-quarter results. The company registered a small profit of $500,000, or 2 cents a share, in the fourth quarter of 1991, a turnround from a loss a year ago of $27.4m, or $1.01, a share.

The quarter's results benefited from cost-reductions and the absence of $7m of charges taken in the final quarter of 1990.

The improved performance pleased Mr Jerry Pearlman, Zenith chairman, but he warned that "continuing, deep recessionary conditions mean that more difficult times are ahead".

For all 1991, the company posted a net loss of $51.6m, or $1.79, compared with losses of $54.2m, or $2.02, in 1990. Sales in 1991 were $1.32bn, down from $1.41bn.

Consumer electronic sales fell slightly last year to $1.21bn, from $1.22bn in 1990, but components - mainly electronic assemblies and displays for the depressed automobile industry - slid to $111m from $181 in 1990.

Colour television sales were down 13 per cent in the first five weeks of 1992.

A weak television market and the start-up costs of its new "flat tension mask" colour displays were expected to contribute to a loss to Zenith during the the first half of 1992, Mr Pearlman said.

Carolco sells rights

CAROLCO Pictures, the troubled independent Hollywood film company, will receive $64m from Spelling Entertainment for some television rights to Carolco's library, writes Karen Zagor.

Carolco, maker of Terminator 2 and Rambo movies, said the deal was valued at $64m, including some assumed obligations.

The company, along with other independent film-makers, has been caught in a financial squeeze.

IBM plans computers based on MPP technology

By Louise Kehoe in San Francisco

INTERNATIONAL Business Machines (IBM) is developing powerful supercomputers based upon massively parallel processing (MPP) technology.

The company said yesterday it had established a new laboratory dedicated to bringing rapidly the new technology to market.

Cray Research, the leading supercomputer manufacturer, also revealed this week that it was developing MPP computers, based upon a powerful new microprocessor chip designed by Digital Equipment.

Unlike traditional supercomputers which are based upon one or a few custom-designed powerful processors, MPP computers share complex computing tasks among hundreds or even thousands of the same microprocessor chips that are used in computer workstations.

Until recently, this approach to achieving very high speed computing was largely experimental. Worldwide sales of MPP supercomputers totalled only about $100m last year, less than one-tenth of the total supercomputers market, according to industry estimates.

However, massively parallel machines are widely expected to eventually achieve speeds of almost 1,000bn calculations per second, outpacing traditional "vector" supercomputers.

The endorsement of IBM and Cray Research will bring MPP into the mainstream of computing. Some industry analysts predict that MPP sales could reach 50 per cent of the total supercomputer market by the late 1990s.

The challenge that MPP technology poses to traditional supercomputing technology was demonstrated this week when Mr Seymore Cray, the best-known designer of supercomputers, announced that his company, Cray Computer (unrelated to Cray Research), must scale back plans to develop Cray-3 , a machine that would rival MPP performance, after losing its lone customer.

IBM will base its MMP systems upon the reduced instruction set computing (Risc) microprocessors that it employs in desktop workstations. The company said it planned to build "scalable" paralled machines capable of performance in the range of hundreds of gigaflops (billions of floating point calculations per second).

Ultimately, IBM aims to achieve teraflops (1,000bn of floating-point calculations per second) performance.

"Our key customers have told us that they need "scalable" systems that enable them to build up performance on an incremental basis – as their individual needs allow," said Mr Irving Wladawsky-Berger, assistant general manager for IBM's supercomputing, Enterprise Systems line of business.

"We plan to get these machines to market as quickly as possible."

Cray Research said that its first MPP systems would be introduced next year and that they would be based upon Digital Equipment's "Alpha" microprocessor chip.

The device is twice as fast as any other microprocessor in the world, Cray officials said. Digital engineers are scheduled to reveal details of the Alpha chip at a technical conference later this month.

Jack Eckerd gives way on plan for Revco

By Nikki Tait

A REORGANISATION plan put forward by Revco, the US drugstore retailer which has been in bankruptcy since 1988, looks set to go forward without opposition from Jack Eckerd, the rival chain that had wanted to acquire Revco.

The two companies announced yesterday that Eckerd has agreed to "postpone indefinitely" its own plan of reorganisation for Revco, which would essentially have involved Eckerd in taking over the bankrupt chain.

As part of the deal, Revco is paying Eckerd $7.5m for its plan-related expenses.

Mr Boake Sells, Revco's chairman, claimed the agreement should result in "an uncontested Revco plan" and allow it to emerge from bankruptcy "at an early date".

Royal Trustco returns to profitability for full year

By Robert Gibbens in Montreal

ROYAL Trustco, one of Canada's two biggest trust companies, has reported a C$8m (US$6.8m) loss for the final quarter of 1991, equal to 17 cents a share.

But the company, which blamed the North American and UK recessions and heavy loan loss provisions for the setback, returned to profitability for the full year.

RT took the unusual step last December 24 of releasing preliminary results for the final quarter, indicating that Canadian and US loan losses would be stable, but a further C$70m provision would be made in the UK. The actual loss reported yesterday was higher than most analysts had expected.

For the whole of 1991, RT reported net income of C$107m, or 25 cents, after a C$224m loan loss provision, against a loss of C$65m in 1990 after a C$220m provision.

Operating income before provisions and taxes was C$346m, against C$200m, helped by lower interest rates, higher fee income and a 2 per cent drop in operating expenses. The common share dividend is being maintained at 74 cents.

RT said it had tightened credit policies and was cutting costs across the board.

Royal Trust Bank London is now solely in private banking, asset management and specialised corporate lending, but has a heavy burden of non-performing loans. The UK unit was badly hit by the drop in property values in 1990 and 1991.

RT's total assets at December 31 last were C$37.6bn, against C$40.9bn.

Bergesen pessimistic after peak results

By Karen Fossli in Oslo

BERGESEN, Norway's leading shipowner, yesterday announced another year of record profits but warned that 1992 figures would be substantially reduced due to higher taxes and lower tanker rates.

Group net profits rose to NKr952m ($151.6m) in 1991 from NKr925m, but the increase was helped by better performing shipping operations, in contrast with 1990 when profits were improved by a NKr424m gain on the sale of securities.

The dividend is to be increased to NKr1 a share from NKr0.85.

Group operating revenue rose by NKr673m to NKr3.12bn, while operating profit was 68 per cent higher at NKr857m. Net financial income dropped to NKr40m from NKr45m.

"Based on tanker developments in the market so far in 1992, the operating profit for tankers will decline. Assuming dollar exchange rates stay where they are, we expect operating profit for LPG vessels – which are all chartered out for 1992 – and dry cargo vessels to improve slightly," Bergesen said.

Pfizer slips on growth warning

By Karen Zagor in New York

SHARES in Pfizer, one of the biggest US drugs companies, fell yesterday after the company outlined only moderate first-half profit growth at a meeting with analysts. At mid-session, the company's stock was off $1⅛ at $73¾ in fairly heavy trading.

The company expects full-year earnings to meet analysts' expectations, but it warned that the cost of launching new drugs would probably cut into its first-half results.

Pfizer is scheduled to introduce its new Zoloft anti-depressant later this month, followed by the launch of its Zithromax antibiotic in early March. The company may launch three other new drugs by the end of the year.

INTERNATIONAL COMPANIES AND FINANCE

Western Mining dives into the red

By Bruce Jacques in Sydney

WESTERN MINING Corporation, the Melbourne-based nickel, gold and aluminium group, dived into the red in the first half to December following a A$20m (US$14.9m) write-down of its mining assets.

The company yesterday reported an interim turnround to a A$60.5m net loss from a A$141.9m net profit on a 15 per cent slide in revenue to A$799.4m from A$956.5m. The interim dividend has been cut to 6 cents a share from 13 cents.

In line with revised accounting standards, Western Mining directors have reviewed the value of all non-current assets. They represent the second leading Australian board to do so in as many weeks, following the A$558m write-down by CSR, the sugar and building products group.

"Directors have adopted a conservative attitude in reducing the value of mining properties, primarily gold operations, by A$180m pre-tax," the board said. "In addition, directors have decided to add A$20m pre-tax to the existing provision for environmental rehabilitation."

Even excluding the write-downs, which were treated as abnormal items, Western Mining's earnings were well down in the half. Operating earnings fell 34.3 per cent to A$114.3m from A$173.9m before a tax credit of A$24.7m compared with a A$29.6m payment previously.

The fall was even bigger on an equity-accounted basis, with the group's associates contributing a A$18.4m deficit against a A$81.5m premium. This produced a 57.4 per cent fall to A$95.2m in equity accounted net earnings from A$223.4m.

The equity decline largely reflected a fall in contribution from the company's 48.08 per cent-owned aluminium offshoot, Alcoa of Australia, to A$77.8m from A$177.7m.

Gold was Western Mining's biggest profit earner in the half, with a A$40.8m contribution, followed by A$31.2m from oil and gas and A$19.5m from nickel. Canadian operations lost A$8.7m.

Directors said that although gold production fell 14.4 per cent in the half, tonnage treated rose by 11.3 per cent, while unit costs rose 5.9 per cent. Nickel prices fell by 17 per cent while exploration expenditure was cut from A$81.4m to A$45.4m. Depreciation charges rose to A$135.6m from A$115.8m.

● TNT, the diversified Australian transport group, has executed its previously-announced flotation of stock in its US arm, TNT Freightways Corporation, with a public offering on Nasdaq, the over-the-counter market.

The company is offering 12.5m shares in TNT Freightways at US$19.50 each. Directors said the issue, with dividends payable, would raise about A$400m and TNT would retain a 20 per cent to 25 per cent interest in the offshoot on completion.

SA leisure group ahead at midway

By Philip Gawith in Johannesburg

SUN International Bophutatswana (Sunbop), the South African hotel and leisure group, overcame recessionary economic conditions to record a 19 per cent rise in attributable earnings to R106m ($38.2m) in the six months to December.

Turnover rose by 24 per cent to R483.4m and operating profit was 25 per cent higher at R140.5m. Interest received fell substantially due to internal funding of its Carousel and Lost City projects.

The group, whose hotels are all situated in the homeland of Bophutatswana, recorded an average occupancy of 78 per cent for the six months. This was in line with its 1990 performance, but well ahead of industry averages with most hotels suffering badly from the recession.

Sunbop is spending R1.1bn in developing Carousel and Lost City, an extension of its Sun City resort. Carousel, a gambling resort, opened in November and the R750m Lost City project will open by December.

Sunbop has raised more than R800m for the funding of these projects through a R178m rights issue and by offering scrip dividends which were heavily taken up.

Mr Sol Kerzner, chairman, said the group's good performance through the recession was testimony to its policy of building quality resorts which were "exciting and unique". He said the group had adhered strictly to a value-for-money policy.

Explaining the large capital expenditure programme, Mr Kerzner said that the changes in South Africa had led to a "very significant enhancement of its tourism potential". He expected "extraordinary growth" in local tourism.

The Lost City project will double the size of conference facilities at the Sun City resort, which are the largest in the region.

Correction

Fujitsu

FUJITSU has forecast that consolidated pre-tax profits for the year to March 1992 will fall to Y60bn – not Y30bn as reported yesterday.

Lebanese bank stops trading

By Lara Marlowe in Beirut

GLOBE BANK, a small Lebanese privately-owned bank has closed for business and put all of its assets at the disposal of the Banque du Liban (BDL), Lebanon's central bank. BDL welcomed the move and promised to reimburse depositors as quickly as possible.

Globe Bank is the third Lebanese bank this year to opt for "self-liquidation", a process encouraged by BDL to reduce the number of banks competing in a market reduced by the 1975-90 civil war.

The Libano-Bresilienne and Tohme banks closed last month. Four other small Lebanese banks declared bankruptcy late last year.

Globe Bank and the BDL stressed the closure was by mutual agreement. A new Lebanese law enables banks to reimburse depositors through the Institut National de Garantie des Depots.

Over the years, Lebanon's more than 80 banking establishments saw their capital base severely reduced by the fall in value of the Lebanese pound from L£2.5 to the dollar before the war to a low of L£1,200 to the dollar in the autumn of 1990.

The Lebanese pound has for the past eight months stabilised at a rate of around L£880 to the dollar. But the stabilisation of the pound eliminated currency speculation, which had become an important source of profit for some of the smaller banks.

The bank closures have coincided with a dismal economic mood, provoked by Lebanon's failure to attract substantial foreign reconstruction aid and investment.

The political atmosphere remains uncertain due to Israel's continued occupation of southern Lebanon, the unresolved question of parliamentary elections and doubts about the consequences of a scheduled withdrawal of Syrian troops to eastern Lebanon next September.

Cabinet members continue to debate an austerity budget which would impose a 60 per cent ceiling on deficit spending.

The original 1992 budget of L£2,500bn (US$2.84bn) is to be cut by nearly one-third – at a time when Lebanese trade unions are demanding a 60 per cent increase in the L£75,000 monthly minimum wage.

Proposed measures include the cancellation of transportation allowances for government and private sector employees and a higher tax on property sales and transfers.

Sumitomo Chemical falls 32%

By Steven Butler in Tokyo

SUMITOMO Chemical, the Japanese chemical company which belongs to the Sumitomo group, yesterday reported a 32.8 per cent decline in pre-tax profits last year to Y24.5bn ($193m).

Sumitomo said the steep fall in profits resulted from high depreciation costs, increased distribution expenses, as well as a rise in net financial expenses.

Sales for the year came to Y701.2bn, a decline of 3.2 per cent. Sales of speciality chemicals, including dyes, agricultural chemicals and advanced materials, grew by 2.2 per cent to Y210bn. Aluminium sales were hit hard by the decline in ingot prices, with sales falling 20 per cent to Y63.7bn.

Basic chemicals sales were off by 1 per cent to Y427.5bn.

Sumitomo said that, given the sluggishness of the Japanese economy, it was unable to expand sales to offset the increase in costs during the year. Non-operating financial income fell marginally to Y27.3bn, while financial costs rose by Y4.6bn to Y30.4bn.

Net income per share declined by 9.7 per cent to Y9.39. The dividend for the year came to Y6 per share, unchanged from 1990.

Pioneer declines 5.8% in spite of small sales rise

By Steven Butler

PIONEER ELECTRONIC, the Japanese electronics company, yesterday reported a 5.8 per cent decline in consolidated pre-tax profits in the third quarter, which ended in December, as a modest rise in sales was offset by the higher value of the yen.

Sales advanced by 6 per cent to Y185.3bn ($1.5bn), while pre-tax profits declined 5.8 per cent to Y24.7bn. Net income after tax dropped by 5.5 per cent to Y12.5bn.

Although audio product sales were strong in Japan, European sales were hit by the high value of the yen.

Video product sales were strong because of the success of compact stereo systems which incorporate laser disc players. Sales of laser disc equipment, used for karaoke sing-along systems, rose overseas.

Car electronics products were lifted by sales of car navigation systems installed in new vehicles.

Although sales of car stereo equipment were weak in Japan, overseas sales were helped by a new anti-theft system.

For the first three quarters of the fiscal year, pre-tax profits were down by 15.8 per cent to Y53.4bn, while sales rose by 2.4 per cent to Y466.4bn.

Coles Myer may float NZ retail subsidiary

By Bruce Jacques

COLES MYER, Australia's biggest retailer, is considering publicly floating Progressive Enterprises, its New Zealand subsidiary.

Mr Brian Quinn, chief executive, said yesterday the company had retained C.S. First Boston as adviser for the sell-off, but Coles planned to remain the largest shareholder in Progressive.

Coles acquired Progressive in 1988, and foreshadowed a public flotation at that time. The New Zealand company operates 58 supermarkets and controls about 30 per cent of that market segment in New Zealand's north island.

NEWS IN BRIEF

Japanese banks plan to rescue Nichiboshin

SIX leading Japanese banks plan to work out a joint rescue of Nichiboshin, a financially-troubled non-bank financial institution, **Kyodo reports from Tokyo.**

The banks are Dai-Ichi Kangyo Bank, Daiwa Bank, Hokkaido Takushoku Bank, Sumitomo Trust and Banking, Mitsubishi Trust and Banking and Yasuda Trust and Banking. They are expected to inspect Nichiboshin's financial records this month.

Nichiboshin has outstanding credits of Y20bn ($158m) which it extended against a collateral of falsified deposit receipts of the Toyo Shinkin Bank in Osaka. Nichiboshin's debts total Y1,200bn, Y500bn of this is owed to the six banks.

■ Shares in Mr Kerry Packer's Australian Consolidated Press will be offered in New Zealand as well as Australia in its previously-announced flotation, according to Ord Minnett Securities, the stockbroker, **Reuter reports from Wellington.**

The magazine publisher is offering 95.15m shares at A$5 each, comprising 55 per cent of its post-float issued capital.

Full listing of the shares is being sought on both Australian and NZ stock exchanges.

■ Nippon Paint, the leading Japanese paintmaker, is to set up a chemical joint venture with Société Nationale des Poudres et Explosifs (SNPE), the French government-owned chemicals group, in Paris in September, **Kyodo reports.**

The size of the venture has yet to be decided, but will involve equal investment by the two companies. It will produce and sell methacryloyl isocyanate (MAI), a chemical which coagulates at low temperatures.

■ The Saudi Industrial Development (SIDC), a newly-created private company, plans to launch a SR250m ($66.7m) share issue in April to help finance planned investments in Saudi chemicals and food processing projects, **AP-DJ reports from Manama.**

Mr Anzar Ahmad, vice-president of the Saudi Consulting Center for Finance & Investment which is co-ordinating the issue, said it will lift SIDC's paid-up capital to SR400m and begin on April 11.

■ Finance One, the Thai financial group, has acquired the Bangkok government's 94 per cent stake in Thananant Finance & Securities for Bt391.8m ($16.2m), according to Mr Pin Chakkapak, Finance One president, **Bloomberg reports from Bangkok.**

Thananant was one of a number of heavily-indebted savings and loans institutions taken over by the Finance Ministry in the mid-1980s. Finance One will inject Bt1.4bn in new capital into Thananant, with the government providing Bt1bn.

■ Lucky-Goldstar, one of South Korea's largest conglomerates, is to buy the 50 per cent of Lucky Hoechst, owned by Hoechst, the German chemicals group, for Won3bn ($3.9m), **AP-DJ reports from Seoul.**

INTERNATIONAL CAPITAL MARKETS

Treasuries slide as hopes of interest rate cut recede

By Patrick Harverson in New York and Sara Webb in London

A LARGER-than-forecast rise in monthly retail sales and an unexpected fall in weekly jobless claims unsettled bond investors yesterday and sent US Treasury prices tumbling.

By midday, the benchmark 30-year government bond was down ¾ at 101⅛, yielding 7.881 per cent. The two-year note was also sharply lower at midsession, down ¼ at 99⅞, yielding 5.179 per cent.

The day's economic news was good for the economy but bad for the bond market. The US Commerce Department announced that retail sales had risen 0.6 per cent in January, a modest increase but still bigger than market forecasts. An upward revision in the December numbers to a 0.1 per cent gain, was also a surprise.

The sales data, allied to a 13,000 drop in weekly state unemployment insurance claims, poured more cold water on hopes for a cut in interest rates.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	98.7545	-0.767	10.19	10.22	9.78
BELGIUM		9.000	08/01	102.0000	-0.150	8.67	8.88	8.89
CANADA *		8.500	04/02	100.5500	-0.500	8.42	8.28	8.09
DENMARK		9.000	11/00	102.6700	-0.100	8.55	8.57	8.53
FRANCE	BTAN	8.500	03/97	98.9798	-0.078	8.74	8.89	8.69
	OAT	8.500	11/02	100.1500	-0.110	8.47	8.45	8.41
GERMANY		8.000	01/02	100.8900	-	7.87	7.89	7.85
ITALY		12.000	02/02	98.4300	-0.020	12.28	12.30	0.00
JAPAN	No 119	4.800	06/99	94.8940	+0.343	5.79	5.74	5.58
	No 129	6.400	03/00	105.3890	+0.323	5.45	5.40	5.34
NETHERLANDS		8.250	02/02	99.8300	-0.010	8.28	8.35	8.25
SPAIN		11.300	01/02	102.7500	-0.100	10.82	10.87	10.96
UK GILTS		10.000	11/96	102-06	-	9.41	9.49	9.78
		[illegible]	[illegible]	[illegible]	-1/32	9.31	9.38	9.58
		9.000	10/08	98-30	-2/32	9.12	9.12	9.31
US TREASURY *		7.500	11/01	100-21	-28/32	7.40	7.14	6.96
		8.000	11/21	101-05	-32/32	7.90	7.72	7.52

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

in short-term interest rates.

The yield on the benchmark No 129 issue moved from its opening of 5.51 to close at 5.395 per cent on short-covering of positions by dealers.

Short-term money market rates eased as a result of a larger-than-expected funds injection by the Bank of Japan. The unsecured overnight call rate traded mainly at 5⅜ per cent, down ⅛ a day earlier.

■ UK government bond prices started on a firm note, helped by the release of unemployment and average earnings figures. However, weakness in the US Treasury bond market later pulled gilt prices down to close unchanged or slightly lower on the day.

Underlying average earnings rose 7.25 per cent in the year to December on a seasonally adjusted basis, after rising 7.5 per cent in November, and provided good news on the inflation front for the gilt market. UK unemployment rose a provisional, seasonally adjusted 53,000 in January to 2.6m, or 9.2 per cent of the workforce, up from 9.0 per cent in December.

The rally in gilt prices enabled the Bank of England to sell more of its new gilt issue, the 9 per cent Treasury stock due 2012. Traders estimate about £750m of the new issue has been sold so far this week. However, the combination of new supply and the fall in the US market pulled prices down.

Trading volume in the Liffe gilt futures contract was higher than usual at over 33,000 contracts. The contract, which opened at 98.06, reached a high of 98.10 before falling back to 97.30. The benchmark 11¾ per cent gilt due 2003/07 slipped from 116⅝ to 116⅜.

■ WEAKNESS in the US Treasury bond market pulled German government bond prices slightly lower in a dull day. The Liffe bund futures contract opened at 88.17 and traded at around 88.13 by late afternoon.

GOVERNMENT BONDS

■ JAPANESE government bond prices surged yesterday after a leading politician in the ruling Liberal Democratic Party called for an immediate cut in the official discount rate.

Mr Shin Kanemaru, vice-president of the Liberal Democratic Party, said interest rates should be cut by half a percentage point to 4.0 per cent in order to stimulate the economy. His comments immediately raised hopes that the Bank of Japan would lower the official discount rate, and prompted a rally in government bond prices and a fall

Invesco MIM to manage Japanese fund

INVESCO MIM Asset Management, the Japanese arm of the UK asset management group, has been named by Nagasakiya, a leading Japanese retail company, to manage a portion of its pension funds, writes Emiko Terazono in Tokyo.

Invesco MIM will become the first foreign-based company to manage the pension funds of a single private Japanese company. The move comes at a time when the Japanese pension fund market is expected to grow quickly because of the country's rapidly-ageing population.

Nagasakiya said it respected Invesco MIM's investment philosophy and management ability. It added that the appointment would diversify its investments internationally since foreign asset management companies were permitted to invest up to 70 per cent of assets overseas, compared with 50 per cent for domestic asset managers.

Nagasakiya's move reflects the company's performance-conscious investment stance. Nagasakiya's pension assets, expected to total Y23.7bn by the end of this March, are currently managed by three Japanese trust banks and two domestic life insurance companies.

Nagasakiya said the returns on investments by the trust banks were unsatisfactory, and it had decided to alot Y1bn of its fund to Invesco MIM.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:10 pm on February 13

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	106⅛	107⅛	+⅛	6.17
ALBERTA PROVINCE 9 3/8 95	600	108⅛	108⅝	-⅛	6.65
AUSTRIA 8 1/2 00	400	105⅜	106⅛	-⅛	7.51
BANK OF TOKYO 8 3/8 96	100	104⅛	105	+⅛	7.07
BELGIUM 9 5/8 98	250	110⅛	110⅝	-⅛	7.49
BFCE 7 3/4 97	150	102⅞	103⅛		7.05
BMP 8 5/8 94	300	106⅛	106⅛		8.01
BRITISH GAS 8 3/8 99	350	[illegible]	[illegible]	-⅛	7.54
CANADA 9 96	1000	[illegible]	[illegible]	-⅛	6.57
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ELEC DE FRANCE 5 5/8 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FINLAND 6 3/4 96	30000	105⅜	105⅝		5.80
INTER AMER DEV 7 1/4 00	30000	109⅛	109½	+⅛	5.80
KANSAI ELEC PWR 4 5/8 94	60000	98⅛	98⅝	+⅛	5.54
NIPPON TEL & TEL 5 7/8 96	50000	101½	101⅞		5.49
NORWAY 5 1/8 95	50000	99⅛	99½	+⅛	5.39
SNCF 6 3/4 00	30000	106⅛	106⅞	+⅛	5.70
SWEDEN 5 5/8 95	20000	100⅛	101	+⅛	5.46
WORLD BANK 6 3/4 00	50000	106⅞	107⅛	+⅛	5.66

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.85
COPENHAGEN TEL 8 5/8 96 LFr	600	98⅛	99⅛		9.21
WORLD BANK 8 96 LFr	1000	96⅛	97⅛		9.82
ENERGIE BEHEER 8 3/4 98 Fl	500	102⅜	103	-⅛	8.22
UNILEVER 9 00 Fl	500	105	105½		8.14
ALBERTA PROVINCE 10 5/8 96 C$	500	106	106⅛		8.78
BELL CANADA 10 5/8 99 C$	150	106⅛	107⅛	-⅛	9.28
BRITISH COLUMBIA 10 96 C$	500	103⅜	104⅛	-⅛	8.85
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Issued	Cnv. price	Bid	Offer	Prem.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OGDEN 6 02	[illegible]	[illegible]	82⅝	83⅝	+47.60
SMITH & NEPHEW 4 02 £	90	1.775	121⅛	122⅛	+47.06
SUMITOMO BANK 3 1/8 04	380	3606.9	65⅛	66⅛	+24.45
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	90⅛	91⅛	+97.65
THORN EMI 5 3/4 04 £	103	7.45	120⅛	121⅛	+8.59

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Investment innovations on horizon in Japan

Emiko Terazono looks at the new products to be introduced after Tokyo's markets are liberalised

LIBERALISATION of Japan's financial markets, currently being reviewed by the Ministry of Finance, will result in the gradual removal of legal barriers which have restricted the introduction of new investment products.

Revision of the Securities and Exchange Law, expected to be submitted to parliament next month, would pave the way for further deregulated interest rates, easing of barriers between the securities and banking industries, and widening of the definition of security.

Rule changes are expected to be completed next year. While new vehicles are expected to be introduced gradually, it will mean more liquid secondary markets and more attractive instruments, increasing fee-generating activities for financial institutions.

Liberalisation will also activate Japan's dwindling asset-backed securities market, allowing banks and corporations to minimise balance sheets.

New instruments expected to be introduced in the near future include:

● Asset-backed securities: Growth of Japan's asset-backed securities market has been stunted by Article 65 of the Securities and Exchange Act, the Japanese version of the US Glass Steagall Act, which defines negotiable securities as equity shares, or public and corporate bond certificates.

Since asset-backed securities were not categorised as a security, institutional investors have been reluctant to actively invest in the products, and the market has remained at the Y1,000bn level, compared with the $1,000bn market in the US.

The new definition of what constitutes a security is expected to be similar to that in the US, including promissory notes, loan trust certificates and monetary claims. Disclosure requirements are likely to focus on informing investors of the risks of the underlying assets.

Brokerage officials believe that with legislative changes and new disclosure rules, institutional investors should feel more comfortable with investments in products such as corporate loans and housing loans.

Securitisation of credit card loans and car loans are also viewed as potential new products for the individual.

However, legal restructuring will involve other ministries, such as the Construction Ministry in the case of housing loans and the Ministry of International Trade and Industry in the case of corporate loan securitisation, and a battle over legislative turf may hamper new developments.

● Money market funds: As an alternative to bank deposits, the securities industry plans to introduce a Japanese version of the US money market fund for individual investors.

As with the *chukoku* fund, the currently-available medium-term government bond fund, the new product will be invested in medium-term Treasury bills, certificates of deposit and commercial paper. However, dividends will be closer to market rates, and the penalty fee for early withdrawal is expected to be reduced.

Along with full-fledged deregulation in the future, a significant portion of the money market fund is expected to be invested into money market instruments, increasing product liquidity.

● New money trusts: Trust banks are expected to launch a new money trust product with dividend payments directly reflecting investment performance. Loan trusts, currently offered by trust banks, reflect the long-term prime rate. However, the investment trust industry is strongly opposed to the launch, as the funds will be invested in securities, including equity stocks.

● Bank deposits: Interest rate deregulation of large-lot time deposits over Y10m was completed in 1989, and deposits with a minimum balance of over Y500,000 now reflect market interest rates. Banks are now considering the creation of shorter term products, such as one-week deposits, in order to compete with the securities industry's money market fund.

Interest-rate deregulation will force banks to raise rates on demand deposits, which account for a third of total deposits at Japanese banks. In order to cope with rising costs, the banks expect to introduce maintenance fees or minimum balance requirements for savings accounts.

FT LAW REPORTS

Ship's last voyage is illegitimate

THE GREGOS
Queen's Bench Division (Commercial Court): Mr Justice Evans: January 31 1992

THE ILLEGITIMACY of a last voyage ordered by time charterers is established at or before the time for compliance, and not when the order is given, in that the breach of charter lies in the failure to give a lawful order; and accordingly, shipowners are entitled to treat the charterparty as repudiated if, before compliance is due, the order, though reasonable when given, is rendered unreasonable by unforeseen circumstances and is not replaced by a further order for a legitimate voyage.

Mr Justice Evans so held when dismissing an appeal by Arni Torvald Klaveness A/S Maritime Corporation, time charterers of the Gregos, from an arbitration award by Mr Mark Hamsher that they were liable to the owners, Arni Maritime Corporation, for breach of charter arising out of overrun of the charter period.

HIS LORDSHIP said that a time charter on the New York Produce Exchange form dated December 30 1987, provided for delivery off Antwerp, and for the vessel to be employed as charterers should direct for "about 50 to maximum 70 days".

Redelivery was to take place at a port in the Gibraltar/Hamburg range.

The vessel was delivered on January 8 1988. The arbitrator held that redelivery became due at expiry of 70 days, on March 18, with no further tolerance or margin. Both parties accepted that finding.

After proceeding to South America in ballast, the vessel performed two voyages from Trombetas in Brazil, carrying bauxite cargoes to Matansaz on the River Orinoco in Venezuela. She completed discharge of the second voyage on February 25.

The charterers had instructed the master to proceed from Matansaz to Palua, another port on the Orinoco nearer the river mouth, and to load a cargo of iron ore for delivery at Fos in Italy.

On February 9 when the instructions were given they were reasonable. They allowed for discharge at Fos and redelivery off Gibraltar on or before March 18.

But by February 25 when the vessel completed discharge at Matansaz, the timetable had become unworkable, because another vessel had grounded in the river and was obstructing the navigable channel between Palua and the river mouth.

The vessel proceeded to Palua and gave notice of readiness to load there on February 25. But the owners were unwilling to proceed with the laden voyage to Fos.

The charterers insisted that the orders were legitimate. The owners said that unless legitimate orders were given they would treat the charterers as being in repudiatory breach of charter and withdraw the vessel.

A without-prejudice agreement was made on February 29. The vessel then performed the voyage under reserve of rights and was redelivered eight days late on March 26.

On the present appeal, the first issue was as to the date on which the legitimacy of the voyage had to be established. The charterers contended it was the date when the order was given. The owners contended, and the arbitrator awarded, that it was the date when the order became effective and the vessel was required to comply with it.

The owners' alternative submission was that if a voyage which was legitimate when the order was given became illegitimate due to change of circumstances before the time for compliance arrived, then the charterers were under a secondary obligation to replace it with a further order for legitimate voyage which the owner was bound to perform.

The arbitrator held that the Court of Appeal decision in *The Democritos [1976] 2 Lloyd's Rep 149* was binding authority that the time for evaluation of the charterers' orders was when the vessel was about to commence her last full voyage, that being the time when she became free of her previous commitments.

In *The Democritos*, the principal issue was whether a charter for the period of a trip should be treated as a time or voyage charter.

Mr Justice Kerr held it was subject to the same redelivery rules as a time charter, and as to whether the charterers were in breach, he said it was clear that when sending or ordering the vessel on her last voyage "there could be no expectation" that she would be redelivered in time.

In the Court of Appeal, with regard to application of the "legitimate voyage" test, Lord Denning doubted that it was correct to look to see whether the charterer had been planning the ship's voyages reasonably, instead of at the last voyage itself.

He said "the right way ... is to look at the last full voyage and see whether it is a legitimate last voyage or not".

Mr Young submitted that that comment was *obiter* and the case did not involve a decision whether the date of the order or of the last voyage was the correct time for applying the legitimacy test.

That submission was technically correct. But the judgments of both Mr Justice Kerr and the Court of Appeal carried much weight in their own right. Moreover, the clearest statement of the law in any of the authorities came from the case where the issue most nearly arose for decision.

The charterers' contention must be rejected. It would mean, if correct, that a charterer could choose a time well in advance of the last voyage and the instructions, if reasonable at that time, would remain binding on the vessel regardless of subsequent events, unless he chose to issue further instructions at any time until shortly before the last voyage began.

The weight of authority and the balance of practical considerations supported that conclusion.

Mr Young's submission that a reasonable estimate could not be made until the time for the last voyage was close seemed fallacious. A reasonable estimate could often be made a very long time in advance. Its firmness would depend on the circumstances and tend to increase as the time approached, but no way of measuring firmness was suggested.

Nor was the court persuaded that the owners' primary submission was correct, namely that the lawfulness of the order could never be determined until, or shortly before, the time for performance arrived.

The charterers' obligation was to give a lawful order before the last voyage began.

Whenever the order was given its lawfulness could be tested, and then the shipowner might accept it in circumstances where he could not subsequently refuse to perform it when the time for performance came.

Subject to such advance acceptance the owner's obligation was to perform whatever orders the charterers gave or had given, when the time for performance arrived.

That view of the law was closer to the owners' alternative submission than to their first.

It also meant that charterers' obligation to give voyage instructions was similar to their obligation to order the vessel only to safe ports. If a port, safe when ordered, became unsafe, then a secondary obligation to change the order arose. There was no distinction in principle between the two cases, save that the charterer remained at risk of a port becoming unsafe after the vessel had proceeded to it.

The second issue was whether the charterers committed a repudiatory breach.

Mr Young submitted they did not, because the arbitrator found that the estimated overrun was not repudiatory in nature from a commercial point of view.

The charterers contended that their obligation to give legitimate orders must be distinguished from their obligation to redeliver at the end of the charter period; and that the owners might refuse to obey an illegitimate order, but could only refuse further performance if there was an anticipatory and therefore repudiatory breach.

The court accepted that there were two separate obligations. But the charterers' breach, when an illegitimate voyage was ordered and insisted on, was in failing to give a lawful order with which the vessel could comply.

The legitimate voyage test did not permit of any overrun once the last date for redelivery had been determined, and if the charterer persisted in ordering a non-contractual last voyage, then the owner was entitled to accept that as a repudiatory breach.

The owners succeeded on both issues. The appeal was dismissed.

For the charterers: Timothy Young (Sinclair Roche & Temperley).

For the shipowners: Peter Gross (Ince & Co).

Rachel Davies
Barrister

INTERNATIONAL CAPITAL MARKETS

Bank of Ireland boosts core capital

By Simon London

BANK of Ireland yesterday raised a total of £110m core capital, boosting its capacity to lend through simultaneous preference share issues in London and Dublin.

The irredeemable preference shares, denominated in both sterling and Irish punts, were placed with institutional investors in the UK and Ireland.

The £50m UK tranche was the first issue of sterling preference shares by an overseas bank. The paper carries a coupon of 12¾ per cent and was priced to yield 350 basis points more than UK government long-dated bonds.

The I£65 tranche carries a coupon of 12 per cent and was priced to yield 325 basis points over long maturity Irish government bonds.

The transaction, lead-managed by Salomon Brothers, boosts Bank of Ireland's core capital – allowing it to increase lending activity. The bank's ratio of core capital to assets rises from 5.6 per cent to 7.2 per cent, against a 4 per cent ratio demanded by the Basle accord on international bank capital adequacy.

As an overseas institution, however, dividend payments from Bank of Ireland's sterling preference shares do not count as franked investment income under UK law. Instead, tax is payable on gross income received from the shares.

In this respect, the shares are comparable to permanent interest bearing shares (Pibs), the undated, deeply subordinated capital instruments issued by UK building societies.

3i shrugs off uncertainty with £125m paper issue

By Simon London

Despite continuing uncertainty over its future ownership, 3i, the venture capital group controlled by the UK clearing banks, yesterday launched a £125m five-year floating-rate note issue in the international bond market.

The group plans to float on the stock exchange, with the current owners, including the Bank of England which holds a 14.67 per cent stake, relinquishing control.

This could affect the amount of capital which banks, the main buyers of floating rate note issues, have to set aside against holdings of 3i bonds.

The group is currently recognised under UK banking law, which means that its bonds carry a low 20 per cent risk weighting. Banks must set aside only one-fifth the amount of capital required against holdings of bonds issued by companies, which carry a full 100 per cent risk weighting.

If the change in ownership also entailed a loss of banking status, 3i's bonds will be more expensive for banks to hold.

The company argued that the change in ownership will not affect its status as a bank, but the residual uncertainty was reflected in the pricing of the deal.

Yesterday's deal pays a margin of 37.5 basis points over the three-month London interbank offered rate but was launched at a discount to par for an effective margin of 47 basis points. Having been re-offered to investors at a fixed price 99.61, the paper traded up to 99.70 bid by the close.

When 3i made its last floating-rate note issue four years ago, the margin was little more than 12.5 basis points.

Elsewhere, Crédit Foncier priced its Ecu750m 12-year deal launched on Wednesday at a fixed reoffered price of 98.70, for a yield 7 basis points more than French government Ecu bonds.

Most syndicate officials were satisfied with the progress of the deal, although market conditions remain poor. The deal closed at 98.55 bid, with the yield spread steady.

Caisse Central Desjardins du Quebec, the Canadian co-operative bank, launched a well-received C$100m offering of five-year bonds. The paper carries a coupon of 8¾ per cent and was priced to yield 76 basis points more than Canadian government bonds – a more generous spread than other Canadian dollar bond issues this week.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
ECUs						
Credit Foncier d'France(b)†	750	8⅝	100.35	2004	2/1.85	Paribas Capital Mkts.
US DOLLARS						
Sambra Int.Finance(c)†	40	10	95.772	1995	1/⅞	Merrill Lynch
STERLING						
3i Group(d)‡†	125	(d)	99.61	1997	20/10bp	SG Warburg Secs.
CANADIAN DOLLARS						
Caisse Central Desjardins(a)†	100	8¾	101.275	1997	1⅞/1.525	Wood Gundy
D-MARKS						
Euro.Coal & Steel Comm.(a)★★†	100	7¾	100.85	2002	-	Deutsche Bank
Euro.Coal & Steel Comm.(a)★★†	75	7½	101¼	1999	-	Deutsche Girozentrale
LIRE						
Deutsche Bk Finance(a)†	200bn	11⅛	101.20	1999	1⅞/1⅛	Bca.d'America e d'Italia
YEN						
Onoda Cement Co.(a)†	10bn	6¾	101.60	1997	1⅞/1⅛	Daiwa Europe

★★Private placement. §Convertible. #With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Members of management group have option to increase their allotment by one third thereby increasing size to Ecu1bn. Non-callable. c) Principal repays in 8 equal instalments beginning in second year. Coupon payable quarterly. Non-callable. d) Coupon pays ⅜% over 3-month Libor. Non-callable.

Battle looms over Italy's new securities law

Haig Simonian looks at the controversy surrounding the so-called SIM requirement

After years of foreign jibes about their "cowboy" financial markets, Italy's lawmakers have reacted angrily to demands from abroad for urgent changes to securities legislation which has just taken effect.

Named after the Societa di Intermediazione Mobiliare (SIM) – the novel type of securities trading house it creates – the legislation has been vilified by foreign bankers who claim it is anti-competitive and breaches the Treaty of Rome.

The problem lies in a section of the law obliging foreign securities houses operating in Italy to set up a SIM. The requirement covers both equity trading on the domestic market and even the sales of securities, of any type, to Italian investors other than SIMs and banks.

Foreign criticisms have been taken up by the European Commission. Following a meeting of senior EC officials in Brussels last Friday, the dispute could lead to a fight in the European Court if a solution is not found soon. A letter to the Commission this week from Mr Gianni De Michelis, the Italian foreign minister, hinted at some possibility of relaxing the rules for companies providing financial services from abroad, but that may not be enough for the Commission.

The outcry has been led by big City of London-based UK and US investment banks. Rather than covering the continent with separate trading operations, many have centralised their securities trading activities in London.

For Mr Neil Matthewson, a director of the British Merchant Banking and Securities Houses Association, the Italian requirement to set up a SIM infringes the Treaty of Rome. "The point has been raised by many of our members, which are mainly major investment banks and securities houses doing cross-border business, and they are concerned about the costs involved in being obliged to set up new Italian operations," he said.

Similar misgivings are voiced by the International Securities Market Association (formerly called the Association of International Bond Dealers) as well as individual banks. A lawyer at one London-based house says the SIMs law puts foreigners at a huge disadvantage. "So far, it hasn't been enforced by the Italian authorities. Nor has a counterparty said it won't trade with us because we're not a SIM. But it could happen soon".

Even more of a nightmare for the banks is the possibility that counter-parties might try to use the law to repudiate a long-term transaction such as a swap.

Last September the UK government complained formally to the European Commission. Mr John Redwood, the minister of state for corporate affairs, said the local incorporation requirement of the SIMs law was an "unacceptable" barrier to the freedom of establishment and the free provision of services under the Treaty of Rome.

"I hope the Commission will take the necessary action to encourage the Italian government to take steps to repeal this bad law," he added.

Last December, the Commission issued a formal warning. It argued that the law's provision requiring companies to incorporate in Italy appeared to violate Articles 52 and 59 of the Treaty of Rome, and the relevant sections should be suspended. The SIMs law took effect unchanged in January.

With deadlines for an Italian response slipping past, the SIMs law was one of the top items on the agenda at a regular Commission meeting last Friday to examine possible infringements of EC rules.

However, the matter was postponed for a month. Officials in Brussels stress the stay of execution implies no softening in their position. Mr De Michelis's letter is now being examined. But if no real progress is made, the Commission will issue a "reasoned opinion", setting out why it believes EC rules had been breached. Failing remedial action, a referral to the European Court could follow.

The response in Italian financial circles has been chilly so far. After spending years reforming their securities markets, the calls for change have not gone down well. With competition from London a growing threat domestically, many brokers have preferred to attack the UK market rather defend the new Italian rules.

Mr Attilio Ventura, the chairman of the stockbrokers' committee at the Milan bourse, said: "The initiative reveals above all the internal weakness of the UK market, which no longer feels dominant and takes increasing note instead of competition from other financial centres."

Attilio Ventura: criticism is sign of London's weakness

Reactions at Consob, Italy's companies and stock market watchdog, have been more measured. According to a top official, no foreign governments objected to the SIMs law during its three-year gestation period. "The UK authorities knew about the draft rules from the start. The article they object to was in from the outset and was never changed."

The rush to the law's defence is understandable. The legislation is the central part of a series of long-awaited measures to reform of Italy's securities markets, including banning insider trading and protection for minorities in takeover bids.

"The SIMs law is designed to create transparency and order," says Consob. That could only be done by requiring securities trading to be concentrated through a SIM.

"Until the Community's Investment Services Directive – which allows for national supervision of all financial intermediaries by the AUTHOrites in their home country – comes into effect, we have no choice but to demand trading be carried out through a SIM," Consob continues.

Some foreigners reject the transparency argument as a cover for protectionism. "The Italians know London is Europe's securities trading centre and that Italian banks are still minnows there. This way, they hope to win back some securities business and gain time until a few domestic institutions grow strong enough to take a bigger role in international markets," claims one London-based dealer.

Consob disagrees. "We didn't even know there were so many operators selling to Italians from abroad," says the official, somewhat disingenuously. "Our priority was greater transparency better supervision, not protectionism".

Italians' bitterness that they are being singled out is backed by claims that incorporation rules in France and Spain are tougher than the SIMs law.

However, the Commission believes the SIMs law is more restrictive than others.

Neither side looks ready to back down. With general elections due in April, the Italians would find it difficult to change the law quickly, even if they wanted to. Mr De Michelis's letter may represent a step forward. But failing a compromise, the battle looks set to intensify.

Simex offers option contract on Nikkei futures

THE SINGAPORE International Monetary Exchange (Simex) said yesterday it would launch an option contract on Nikkei stock index futures on March 19, Reuter reports from Singapore.

Simex said the new contract would be based on the Simex Nikkei 225 futures contract launched in 1986.

"The sheer size of the underlying Nikkei futures clearly suggests the market has a good appetite for an options contract written on futures," said Mr Pierre Essig, chief executive officer of Fimat Futures Asia.

Simex statistics show that over the past two months the Simex Nikkei futures contract traded an average daily volume of 6,000 contracts, or an underlying average value of Y86bn of Japanese stocks.

The Simex Nikkei options contract will be US-style options and may be exercised by the buyer on any day when the options are traded.

Toronto exchange to automate

MEMBERS of the Toronto Stock Exchange voted to end floor trading in equities in the first quarter of 1993 and to switch entirely to automated trading, Reuter reports from Toronto.

Mr Pearce Bunting, the stock market's president and chief executive, said the exchange would redesign and fully test its equity trading network and substantially increase its capacity.

There will continue to be registered traders but they will operate from members' offices. Floor trading will be retained for derivative instruments.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Thursday February 13 1992: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Wed Feb 12: Index No.	Tue Feb 11: Index No.	Mon Feb 10: Index No.	Year ago (approx): Index No.
1	CAPITAL GOODS (178)	775.40	-0.2	8.73	6.18	14.64	0.61	777.04	781.41	782.77	786.83
2	Building Materials (23)	945.80	+0.2	7.30	6.56	18.54	0.44	944.30	940.86	940.46	1081.30
3	Contracting, Construction (28)	880.74	+0.3	9.04	8.32	15.95	0.00	877.94	884.18	878.82	1189.72
4	Electricals (7)	2440.59	-0.2	10.12	6.15	12.43	1.47	2445.12	2454.89	2424.17	2148.39
5	Electronics (26)	1771.77	+0.4	10.36	4.83	12.23	1.26	1764.71	1781.99	1787.71	1714.07
6	Engineering-Aerospace (8)	314.40	-0.7	16.98	8.27	7.16	0.77	316.62	321.17	330.55	409.15
7	Engineering-General (43)	482.39	....	9.80	5.11	12.59	1.21	482.10	484.46	485.12	389.13
8	Metals and Metal Forming (10)	328.07	-0.3	2.13	10.59	-	0.00	328.99	328.12	328.63	439.89
9	Motors (14)	302.98	-0.1	8.39	7.81	15.85	0.00	303.27	303.65	303.70	314.02
10	Other Industrial Materials (19)	1564.34	-0.9	7.69	5.24	15.47	0.69	1578.09	1593.55	1594.42	1391.67
21	CONSUMER GROUP (188)	1651.50	+0.2	6.99	3.34	17.61	2.27	1648.98	1655.11	1653.78	1313.73
22	Brewers and Distillers (23)	2060.09	....	7.81	3.44	15.43	7.92	2059.31	2062.43	2045.79	1668.71
25	Food Manufacturing (18)	1255.57	-0.1	8.59	4.04	14.39	2.11	1256.53	1258.24	1258.55	1110.23
26	Food Retailing (17)	2533.04	-0.2	8.72	3.27	14.90	0.39	2539.23	2541.50	2528.19	2473.91
27	Health and Household (24)	4440.04	+0.5	5.12	2.20	22.41	0.88	4416.88	4455.93	4492.63	2822.59
29	Hotels and Leisure (23)	1283.90	....	7.31	5.24	17.04	1.02	1283.18	1277.64	1274.88	1232.42
30	Media (24)	1495.25	+0.4	6.58	3.65	19.21	1.22	1488.65	1492.50	1483.31	1277.88
31	Packaging, Paper & Printing (17)	744.73	-1.2	7.11	4.46	17.06	0.22	753.74	754.66	757.99	578.55
34	Stores (32)	1035.49	+0.3	7.13	3.49	18.58	1.89	1032.38	1038.19	1033.65	837.75
35	Textiles (10)	619.79	-0.6	7.41	4.99	17.22	0.53	623.65	623.14	619.24	453.65
40	OTHER GROUPS (116)	1210.91	....	9.96	5.47	12.66	6.34	1210.88	1213.61	1215.24	1096.00
41	Business Services (16)	1370.18	+0.3	7.32	4.79	17.37	0.07	1366.51	1372.63	1366.28	984.58
42	Chemicals (21)	1486.75	-0.5	6.75	4.92	18.32	0.44	1493.58	1487.20	1478.20	1172.98
43	Conglomerates (11)	1249.23	-0.9	11.61	8.11	10.48	3.11	1260.22	1263.88	1276.88	1425.43
44	Transport (14)	2383.71	-0.3	5.33	4.74	24.80	2.46	2390.58	2395.74	2375.36	1965.67
45	Electricity (16)	1193.02	-0.9	15.20	6.23	8.56	17.21	1203.25	1205.44	1204.50	1136.43
46	Telephone Networks(4)	1409.95	+0.9	11.13	4.45	11.73	15.96	1396.79	1397.12	1404.63	1234.59
47	Water(10)	2411.01	+0.3	17.69	6.59	6.23	0.00	2404.52	2400.40	2391.62	2469.08
48	Miscellaneous (24)	1812.46	+0.3	5.65	5.38	24.18	0.95	1807.69	1834.92	1850.76	1725.02
49	INDUSTRIAL GROUP (482)	1290.14	....	8.21	4.49	15.24	3.17	1289.59	1294.23	1294.62	1119.30
51	Oil & Gas (18)	2093.70	-1.0	12.22	6.70	10.83	8.11	2115.87	2133.19	2130.07	2241.37
59	500 SHARE INDEX (500)	1364.05	-0.1	8.64	4.73	14.60	3.56	1365.08	1370.68	1370.82	1213.77
61	FINANCIAL GROUP (87)	713.48	+0.3	-	6.51	-	0.71	711.14	717.95	718.50	768.22
62	Banks (9)	869.83	+0.4	4.41	6.11	46.11	1.59	866.32	877.90	873.71	833.65
65	Insurance (Life) (6)	1402.29	+0.8	-	6.09	-	0.00	1391.36	1398.85	1402.53	1358.74
66	Insurance (Composite) (7)	477.16	+0.6	-	9.14	-	0.00	474.31	476.45	491.46	669.99
67	Insurance (Brokers) (10)	963.94	-0.5	8.02	6.93	16.40	1.80	968.47	971.09	976.40	1042.07
68	Merchant Banks (7)	478.01	+0.8	-	4.48	-	0.00	474.43	474.32	471.37	382.53
69	Property (33)	763.57	-0.3	7.53	5.94	18.17	0.44	765.66	776.67	769.55	1016.33
70	Other Financial (14)	244.66	-0.2	8.14	7.30	16.23	0.00	245.16	245.47	243.23	261.82
71	Investment Trusts (68)	1185.13	+0.1	-	3.68	-	2.02	1183.69	1185.80	1179.90	1075.70
99	ALL-SHARE INDEX (654)	1209.53	....	-	4.91	-	2.90	1209.82	1215.47	1215.54	1103.60

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 12	Feb 11	Feb 10	Feb 7	Feb 6	Year ago
FT-SE 100 SHARE INDEX♦	2522.6	-1.1	2532.2	2513.8	2523.7	2537.1	2538.4	2517.2	2534.3	2294.4

FIXED INTEREST

	PRICE INDICES	Thu Feb 13	Day's change %	Wed Feb 12	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (26)	122.63	+0.03	122.60	2.11	1.25
2	5-15 years (26)	137.28	+0.04	137.22	1.93	2.17
3	Over 15 years (8)	148.71	+0.08	148.58	2.72	0.36
4	Irredeemables (6)	165.14	+0.19	164.82	3.01	0.00
5	All stocks (66)	135.23	+0.04	135.17	2.11	1.68
	Index-Linked					
6	Up to 5 years (2)	168.89	+0.18	168.59	-0.01	1.37
7	Over 5 years (9)	150.10	-0.11	150.26	0.70	0.63
8	All stocks (11)	151.56	-0.06	151.65	0.60	0.72
9	Debs & Loans (62)	119.44	+0.01	119.43	3.19	0.46

	AVERAGE GROSS REDEMPTION YIELDS		Thu Feb 13	Wed Feb 12	Year ago (approx.)
	British Government				
1	Low	5 years	8.57	8.61	9.34
2	Coupons	15 years	9.12	9.12	9.48
3	(0%-7¾%)	20 years	9.12	9.12	9.58
4	Medium	5 years	9.37	9.38	10.11
5	Coupons	15 years	9.20	9.20	9.84
6	(8%-10¾%)	20 years	9.16	9.16	9.75
7	High	5 years	9.60	9.61	10.27
8	Coupons	15 years	9.29	9.29	9.98
9	(11%-)	20 years	9.22	9.23	9.85
10	Irredeemables	†	9.31	9.32	9.83
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.78	3.82	3.78
12	Inflation rate 5%	Over 5 yrs.	4.28	4.27	4.12
13	Inflation rate 10%	Up to 5 yrs.	3.17	3.20	2.47
14	Inflation rate 10%	Over 5 yrs.	4.11	4.10	3.95
15	Debs &	5 years	10.84	10.77	12.03
16	Loans	15 years	10.61	10.59	11.74
17		25 years	10.45	10.45	11.48

♦Opening index 2526.1; 9 am 2522.8; 10 am 2527.5; 11 am 2531.1; Noon 2531.8; 1 pm 2531.5; 2 pm 2526.3; 2.30 pm 2525.6; 3 pm 2525.3; 4.10 pm 2520.6; (a) 11.19am (b) 3.43pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	26	14	41
Other Fixed Interest	4	5	8
Commercial, Industrial	262	240	977
Financial & Property	150	100	345
Oil & Gas	18	14	47
Plantations	0	0	9
Mines	58	27	83
Others	55	27	39
Totals	573	422	1,747

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

- First Dealings Feb. 3
- Last Dealings Feb. 14
- Last Declarations May 7
- For settlement May 18

3-month call rate indications are shown on this page.

Calls in Berisford Intl., Brown & Jackson, Cannon Street Invs., Dowty, Ferranti, G.M. Firth, Microvitec and Oliver Res. Put and call in Conroy Petrim.

LONDON TRADED OPTIONS

[illegible]

TRADITIONAL OPTION 3-month call rates

INDUSTRIALS	p	Charter Cons.	[illegible]	Ladbroke	17	Sears	7½	**OILS**	
Allied-Lyons	55	Comm Union	[illegible]	Legal & Gen	[illegible]	SmKl Bchm A	[illegible]	Aviva Pet	1½
Amstrad	3	Courtaulds	30	Lex Service	18	TI	48	BP	22
Astec (BSR)	3	Eurotunnel	39	Lloyds Bank	31	TSB	10½	Burmah Castrol	40
BAT Inds	50	FKI	5½	Lonrho	20	Tesco	17	Conroy Pet	7½
BOC	48	FNFC	12	Lucas Inds	9	Thorn EMI	65	Gaelic Res	½
BTR	32	Forte	19	Marks Spencer	22	T & N	11	Premier Cons	3
Barclays	31	GKN	25	Midland Bank	19	Unilever	70	Shell	37
Blue Circle	22	Gen Accident	38	NatWest Bank	24	Vickers	14	Tuskar Res	1
Boots	33	GEC	15	P & O Dfd	34	Wellcome	75	**MINES**	
Bowater	55	Glaxo	70	Racal Elect	4½	**PROPERTY**		RTZ	39
Brit Aerospace	27	Grand Met	78	RHM	18	Brit Land	21		
British Steel	6	GRE	11	Rank Org	46	Land Sec.	38		
Brit Telecom	24	Hanson	16	Ratners	5	MEPC	31		
Cadburys	33	ICI	90	Reed Intl	40	Mountleigh	2½		

The new Golf. Car of the Year 1992.

What a great start into the new year! In awarding the coveted title "Car of the Year 1992" the international 60-man specialist jury identified one clear winner: the new Golf.

This high award only goes to prove that the concept of the new Golf is the correct one.

New standards in terms of safety. New standards in terms of environmental protection. New standards in terms of quality. New standards in terms of driving fun.

That it was precisely these points which both the jury and the first road reports rated very highly is shown by the new Golf winning the "Goldenes Lenkrad" (Golden Steering Wheel) award and now even the "Car of the Year 1992" title.

All of which, dear motorists, is certainly not going to make your decision what car to buy next more difficult. But a lot easier.

The new Golf.
The original setting new standards.

Final quarter sees 'extremely disappointing' fall of £384m to £72m

BP down 14% to £1.04bn in year

By David Lascelles, Resources Editor

BRITISH PETROLEUM saw a sharp fall in profits in the final quarter of last year as the recession took its toll on many parts of the business.

On a replacement cost basis, the group made £72m, down sharply from the £456m earned in the previous year's final quarter. This brought total profits for the year to £1.04bn, down 14 per cent from £1.2bn in 1990.

The lower result prompted BP to hold its final dividend at 4.2p, the level of the previous three quarterly pay-outs. The resulting full-year dividend of 16.8p represents an increase of 4.7 per cent on 1990.

The profit figure was much in line with market expectations. Investors, however, had been hoping for a small boost to the final dividend, and BP's shares lost ground as a result, closing 10p lower at 274p.

BP described the fourth quarter result as "extremely disappointing". Mr Steve Ahearne, chief financial officer, stressed that the main cause was recession rather than a weaker oil market. "The overall picture is not of a company bleeding because of the low oil price," he said, "but of a company hit by recession in its key markets."

To illustrate this he pointed to the strong result from exploration and production which produced an operating profit on a replacement cost basis for the year of £1.8bn (£1.69bn), including £149m of divestment profits. Although the average oil price was down about $3 a barrel, production levels were maintained and cost structures were improved.

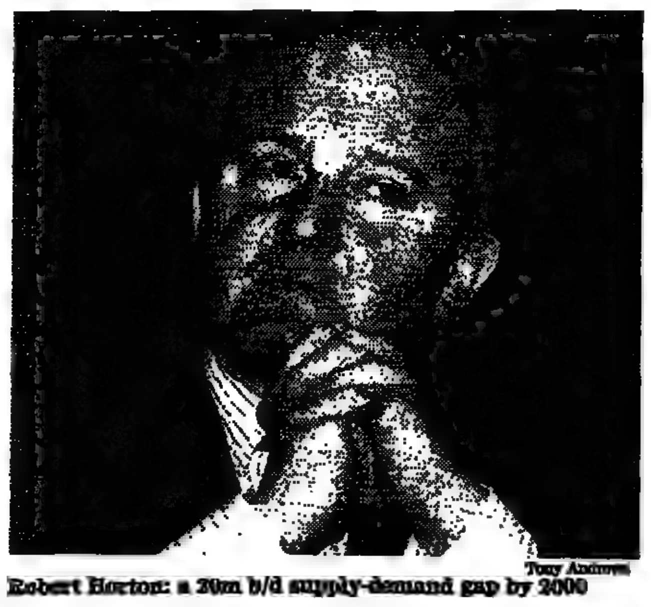
The refining and marketing side made a full-year operating profit of £945m, up from £853m. Margins started high but declined as the year progressed, reflecting weak product demand especially in the US.

BP's chemicals business, suffering from the deep cyclical downturn, incurred an operating loss of £7m against a profit of £129m in 1990. The loss was concentrated in the fourth quarter as prices weakened against a background of steady costs. Profit from the nutrition business, recently re-designated a "non-core" activity, was £37m, down from £49m.

Adding to the company's difficulties was a high effective tax rate of 68 per cent on the historical cost result because stock holding losses are not recognised for tax in countries like the US. In the final quarter BP's tax rate was 114 per cent because of asset write-downs which were not tax-relievable.

Mr Robert Horton, chairman, said that the present low level of world oil prices was unsustainable in the long run because it gave producers no incentive to invest in new production. He forecast a 20m barrel a day supply-demand gap by the end of this decade. Nonetheless, he stressed that BP had tested all its businesses on the basis of an oil price of $18 per barrel and had found them "robust".

In the short term, the outlook was not encouraging, with conditions in the first half of this year expected to be "broadly similar to those in the previous six months". Every part of the group "is pursuing a demanding cost and profitability improvement programme", BP said.



Tony Andrews

Robert Horton: a 20m b/d supply-demand gap by 2000

BOC beats expectations with 13% rise to £80m

By Richard Gourlay

BOC GROUP, the UK industrial gases and healthcare concern, yesterday reported a 13 per cent increase in pre-tax profits for the three months to December 31, thereby beating market expectations.

The group nevertheless cautioned that it had "seen no improvement in any of the key economies in which it operates" and that the Far East, where it has been investing, was now experiencing a downturn in economic growth.

Pre-tax profits rose from £70.8m to £80.1m on sales up 9 per cent at £711.4m. However, after removing the favourable impact of currency movements, the underlying improvement in taxable profits was 9 per cent. Earnings per share rose by 15 per cent to 10.5p.

Volumes in the gases division had levelled off but prices and margins remained stable. Operating profits rose from £67.7m to £73.4m.

In the healthcare division, which was encountering difficulties after expansion in the US, medical equipment continued to experience difficult trading conditions and profits fell. The pharmaceuticals division performed well and the home healthcare business, which was slimmed down in the quarter, was profitable.

Profits in this division as a whole rose from £18.3m to £23.3m.

By geographical region, operating profits in the Americas almost doubled to £20.8m (£10.5m); in Europe they fell to £28.4m (£33.7m); Africa showed a £1m advance to £11.7m and Asia/Pacific profits increased to £18.8m (£15.8m).

Write-downs force sharp fall to £59.4m loss at Crest Nicholson

By Andrew Taylor, Construction Correspondent

CREST NICHOLSON, the south-east of England-based housebuilder and property developer which ran into trouble last year following the collapse in the housing market, incurred pre-tax losses of £59.4m during the year to October 31.

This compares with pre-tax profits of £8.06m in the previous 12 months.

The losses were struck after exceptional provisions of £39.8m due to the write-down of the group's residential and commercial land and developments to take account of falling property prices.

Resulting losses per share were 55.67p, against earnings of 3.88p. The group announced a nominal dividend of 0.01p to preserve its share status under the Trustee Investments Act 1961. Last time the final dividend was 4.65p for a total of 7.65p.

The figures, however, were in line with expectations and the stock market was encouraged by the announcement of a further reduction in group borrowings from £117.6m in May to £54.7m at the year-end – equivalent to 51 per cent of shareholders' funds. Crest's shares yesterday rose by 6p to 87p.

Mr John Callcutt, chief executive, also revealed that house sales had increased last month. Net reservations by house buyers were currently averaging 33 a week, compared with 15 a week in December.

Mr Callcutt said the improvement was encouraging but that it was too early to say whether the rise would mark the beginning of a recovery in the UK housing market.

Last year the group made an operating loss of £6.9m on house sales before write-downs of £28m. There was a further £11.1m write-down in the commercial property division which made a pre-tax loss of £10.9m. The group's contracting business however turned in a small profit.

The big improvement, said Mr Callcutt, had been a big reduction in group borrowings as a result of commercial property sales and a decision to reduce house prices and increase sales to generate more cash.

During the year Crest sold a record 1,435 homes. Average prices however fell from £90,000 to £78,000.

The group's aim was to halve last year's interest charge of £12.6m (£6.68m).

● COMMENT

The market was right to be pleased with the news of a further reduction in Crest's borrowings. The company has survived a difficult 12 months intact. Bank facilities of £157m are more than adequate to meet foreseeable requirements, say the directors. Pre-tax profits, given the severity of the write-downs should also recover this year. Some market forecasts suggest that £5m might even be achievable. A more cautious view is that profits will be between £2m and £3m. The share price does not yet fully take account of the improvement Crest has made, but the upside remains limited. There are better quality housing recovery stocks around.

Babcock issue to fund £21m Swedish buy

By Andrew Baxter

BABCOCK INTERNATIONAL, the UK engineering contractor, yesterday announced an expansion of its European operations with the acquisition of the materials handling division of Consilium, a privately-owned Swedish company.

It is paying £21.4m for Consilium CMH, the world's biggest producer of enclosed continuous ship loading and unloading systems, and the Consilium Bulk group of companies, which make bulk handling systems for the wood processing, energy, cement, minerals and grain industries.

The deal will turn Babcock into a significant force in the world bulk materials handling market, with sales of £150m and 1,100 employees in a planned new materials handling division.

Babcock shares rose 2½p to 58p following the deal, which is to be funded by the issue of 42.8m shares. A further 23.5m shares, raising £9.5m, will be issued to fund the development of the new division and further strengthen the group's capital base.

The 66.3m new shares will be offered first to Babcock shareholders on the basis of one new share for every 7.10713 held. Shares not taken up are being placed by NM Rothschild with clients of Panmure Gordon, but it is believed that the offer has already been heavily oversubscribed.

Mr Oliver Whitehead, chief executive, said the creation of the materials handling division would give the company more influence in a big market with long-term growth potential – even if some customer sectors such as the pulp and paper industry were currently hit badly by the recession.

The division will comprise the new companies, the Claudius Peters materials handling interests in Germany and the smaller Babcock Materials Handling in the UK. The companies will not be merged, but Babcock will seek to remove overlaps in sales and marketing and encourage the companies to help each other win more business.

Mr Whitehead said Consilium's mechanically-based handling equipment complemented Claudius Peters' existing range of pneumatic ship-loaders and unloaders. Consequently, the combination would allow the new division to offer customers more complete systems.

The businesses being acquired had combined turnover last year of £42.6m, down from £52.3m in 1990 and £59.5m in 1989. Pre-tax profits slumped to £632,000 in 1990 before recovering last year to £3.6m.

Mr Whitehead said the exit multiple for the acquisitions was 9.5, based on a normal tax charge, and there would be no dilution in earnings. Over the next 12 months the deal would be broadly neutral for profits, but would lead to a "definite enhancement" in the second year.

Harland shares take a tumble as company issues profits warning

By Angus Foster

SHARES IN Harland Simon, the control systems specialist, yesterday lost more than half their value after the company issued a profits warning and released details of exposure to the late Mr Robert Maxwell.

The shares slumped to 253p, their lowest since 1988, after opening at 585p. The company said pre-tax profits for the year to end-March would show "a significant fall" from last time's £10.5m. Hoare Govett, the company's broker, cut its forecast from £18m to £4m.

The company said contracts expected to be placed by the Maxwell group had fallen through following the publisher's death and this would reduce profits by £2m. It has also made provisions of £750,000 to cover disputed debts due from the Maxwell group.

Mr John Redshaw, group managing director, said he was "very saddened" by the announcement. "Its a short-term problem which has hit us at the end of the year. But we are stronger than before because we have taken out our dependence on newspapers and optical storage equipment," he said. Newspapers are expected to account for about 20 per cent of turnover in 1992, down from 85 per cent in 1987.

Profits will also be affected by delays at Perfect Information, the on-line library service. The delays, and start-up problems, will reduce profits due to the company by £3m.

But directors said they would recommend an unchanged final dividend of 5.5p and turnover is expected to be higher than last year.

The company has spent £1m trying to lift overseas sales and has incurred costs of £1m on rationalisation. Staff numbers have been reduced by about 15 per cent and further redundancies are likely. Cost cutting will reduce overheads by £5.5m from next year.

It said all established divisions were profitable except for NEF, a Swedish subsidiary, and Pro Aqua, involved in water control. These two companies are expected to announce losses of £700,000 for the year.

CE Heath to set up Dallas subsidiary

By Richard Lapper

CE Heath, the insurance broker, is establishing a new US subsidiary in Dallas. The company will be based around a three-man team which Heath has recruited from rival brokers and will broke wholesale surplus lines – working with retail brokers to channel business mainly to insurers in the London market.

Mr Thomas Bloom, previously president of Willis Faber Holdings, and a past president of the National Association of Professional Surplus Lines offices, will head up the new operation as president.

The other officers include Mr Ronald Travis, executive vice-president, who joins from ENCON Underwriting Agency, and Mr Eugene J Eisenmann, senior vice president, was was previously president of Stewart Smith (Southwest).

Study shows tolerance of dividend cuts

By Norma Cohen, Investments Correspondent

MOST INSTITUTIONAL investors will tolerate cuts in corporate dividends in instances where the entire sector is under pressure, although such cuts could jeopardise their long-term relationship with the company, a new study shows.

Warwick Corporate, an investor relations firm, has surveyed 12 of the UK's largest fund managers – with a total of £250bn under management – about their views towards corporate dividends.

Of the 12 surveyed, 10 said that cutting a dividend was not automatic grounds for selling a company's shares. However, when the company returned to the market to seek cash from its shareholders, the surveyed said it would take them a long time to forget that it had happened.

The maintenance of dividend payments in the face of the current recession has proved a contentious issue for institutions.

Last year, Mr Paddy Linaker, M&G Group's chief executive, provoked a storm by writing to the heads of some of the UK's largest companies urging them to maintain dividends despite the recession.

Mr Robin Leigh-Pemberton, the governor of the Bank of England, responded that cutting dividends under adverse trading conditions was a sign of strength.

Warwick's survey showed that while further dividend cuts are expected in 1992, they are likely to occur among smaller companies so that the overall effect on yields will be small.

Most fund managers surveyed believe that dividend cuts are already factored into share prices and that most fund managers have sufficient cash flow to ride out any reductions in dividends.

Overall, institutions expect the dividend cuts to be concentrated in the contracting and construction, composite insurance, engineering, building materials and metals industries.

Those regarded as least likely to cut dividends are companies in the health and household sectors, utilities, food retailers and manufacturers, and telecommunications industries.

Chrysalis chairman ends talks to buy 47% balance

By Andrew Bolger

MR CHRIS Wright, chairman of Chrysalis Group, the records, communications and media company, has ended talks on his plan to buy the 47 per cent of the equity which he does not already own and take the group private.

He said he was disappointed that one sizeable shareholder had refused to accept his offer of 95p a share, since it had won the support of the remaining shareholders, his bankers and financial advisers. Chrysalis shares were unchanged at 72p.

Mr Wright, who founded Chrysalis, announced his intention to take the group private in November, after he sold the group's 50 per cent stake in the Chrysalis Records joint venture to its partner, Thorn EMI, the music and rentals group, for $30m (£16.9m).

Chrysalis incurred a loss of £7.85m in the year to August, but £5m of that was attributable to the record division.

The group has net cash of £16m and Mr Wright intends to develop a records business again some time after December of this year, when he will no longer be tied by Thorn.

Chrysalis has been investing recently in televising horse racing for betting shops and its juke box and fruit machines division, which has been hit by recession.

Andersen disposes of Maxwell's stake in Hungarian paper

Mr Robert Maxwell's 40 per cent stake in the Hungarian evening newspaper Esti Hirlap has been bought by the state-owned Newspaper Publishing Company.

The state-owned publishing house exercised pre-emption rights to buy the stake, taking its holding to 80 per cent. The remaining 20 per cent is owned by the staff.

A few hours after the deal was concluded, Mr Denes Maros, the paper's editor-in-chief, resigned.

Arthur Andersen, the administrators of the late Mr Maxwell's web of 400 private companies, declined to disclose the price received.

Arthur Andersen is also negotiating to sell Mr Maxwell's 50.01 per cent stake in the morning newspaper Magyar Hirlap, and Mr Maxwell's Hungarian printing interests.

BAT investment expected to boost Souza Cruz exports

By Christina Lamb in Brasilia

BRITISH American Tobacco is to more than triple its annual investment in Brazil this year because of increased confidence in the Brazilian economy.

As a result it expected Souza Cruz, its Brazilian subsidiary, to raise its 1992 tobacco and cigarette exports by more than $100m (£56m).

Sir Patrick Sheehy, chairman of BAT, said he decided to step up investment from $30m to $110m because he had been encouraged by "the government's resoluteness in dealing with inflation and more market-oriented policies".

The money would be used to modernise the company's plants and increase tobacco purchases, giving work to 16,000 extra farmers.

Sir Patrick, who is currently visiting Brazil, expected the investment to produce a $70m increase in leaf exports on last year's $270m and for cigarette exports to reach $50m from $10m just five years ago.

The company recently started exporting cigarettes to eastern Europe and was currently negotiating with Russia. It had stepped up exports to other Latin American countries and hoped to benefit from the creation of Mercosul, the tariff-free common market between Brazil, Argentina, Uruguay and Paraguay.

Brazil has been starved of direct investment in recent years and BAT's decision will be seen as a welcome vote of confidence, coming shortly after a $2.1bn loan secured from the International Monetary Fund last month.

Cigarettes are one of the few items in Brazil which still have their prices set by the government and although Souza Cruz has a 90 per cent share of the Brazilian market, its cigarettes division was losing money until mid-1991 because of the low prices.

Sir Patrick said yesterday he was confident that these controls would be dropped. He added: "In the last six months the government has adopted a much more liberal pricing policy".

He pointed out that in meetings earlier this week with president Fernando Collor and the economy minister he had been assured of forthcoming measures to help exporters.

"We're very encouraged by this and will be spending far more money than we have for the last 12 years".

UK COMPANY NEWS

In the firing line for brickbats whatever is decided

Andrew Taylor on Peter Lilley's dilemma over referring Tarmac, Steetley and Redland to the MMC

MR PETER Lilley, Britain's trade and industry secretary, won a small historic victory on Wednesday when he persuaded the European Commission to give up its right to consider the proposed merger of the UK brick, clay tile and concrete product businesses of Tarmac and Steetley.

It is the first time the EC has given up its rights to investigate a proposed large merger since new competition rules came into force in 1990.

Mr Lilley – having won the argument that British regulatory authorities should deal with what is a domestic merger with no continental European impact – must now determine how he will exercise his new won authority.

Crucially he must decide whether to refer for investigation to the Monopolies and Merger Commission (MMC) two rival proposals affecting the ownership of Steetley, a large British brick and clay tile manufacturer and France's biggest aggregates producer.

The UK Office of Fair Trading is already considering whether to recommend an MMC investigation of a rival hostile £600m bid for the whole of Steetley by Redland, another large British building materials group.

The Tarmac deal, by comparison, would leave Steetley retaining its UK and French aggregate and ready-mix concrete businesses.

The outcome of the Redland and Tarmac proposals will affect future ownership, structure and employment within a UK brick industry still suffering massive over-capacity despite previous job cuts and plant closures. Both Redland and Tarmac/Steetley have said they would axe significant capacity if their plans are allowed to go ahead.

An argument against a full scale MMC investigation is that it might delay plans for a rationalisation of the companies brick plants.

On the hand it might be politically embarrassing if Mr Lilley were simply to clear both 'bids' after having gone to the trouble of persuading Brussels to give up its right to consider the Tarmac/Steetley joint venture.

It is thought unlikely that Mr Lilley would want to treat the rival proposals differently on the grounds that it might be unfair to leave the field clear for one side to pursue merger plans while the other was bogged down by an MMC investigation.

An alternative would be for the trade secretary to seek undertakings which would require the merged companies to dispose of selected businesses in markets where it was deemed they had a dominant market position.

The option to seek an undertaking on disposals, rather than trigger a full-scale MMC inquiry lasting several months, was included in the 1988 Companies Act. The option has been exercised five times since August 1990 on bids involving Rank for Mecca; Hillsdown for Strong & Fisher; International Marine for Benjamin Priest; Williams Holdings for Racal and Trafalgar House for Davey.

Over the same period the trade secretary has launched full MMC inquiries into another 16 takeover offers. A bid automatically lapses when an inquiry takes place.

Mr Lilley in his approach to the EC regulatory authorities identified both brick and clay roof tiles as markets where UK competition problems could arise as a result of merger plans.

A takeover of Steetley by Redland would leave the combined companies controlling about 46 per cent of the clay tile market; a Tarmac/Steetley joint venture would have a 39 per cent share.

Both ventures may be able to offer undertakings on clay tiles which would circumvent a monopolies probe. Bricks, however, may provide a more difficult problem. Any undertakings must involve disposals rather than closures. Potential purchaser of unwanted brick plants are few and far between in this market.

On the basis of national market shares it is difficult to see why bricks should be included in any monopoly considerations. Tarmac and Steetley between them control about 17 per cent of the UK brick market. Redland and Steetley would have about 16 per cent.

Mr Lilley, however, has indicated that he will be looking at production capacity in regional markets – despite protests by Redland, Steetley and Tarmac that they sell into a single national market determined by price and not where bricks were made. Low haulage costs in Britain mean that bricks can be easily transported, and manufacturers say that sales are a better measure of regional market share than local production capacity.

Sir Leon Brittan, EC competition commissioner, nonetheless noted this week that a Tarmac/Steetley joint venture would control a high percentage of production capacity in north-east and south-west England. He said that there was danger that "the merger would create a dominant position" in those markets.

On current figures Tarmac and Steetley control almost 80 per cent of local capacity in the north-east and approaching 50 per cent in the south-west.

Redland argues that a monopolies probe on the basis of brick manufacturing capacity would not be justified in its case, even on regional grounds. A merger with Steetley it says would leave it with only 23 per cent of brick capacity in south-east England, its biggest market. Steetley has few plants in south-east England but 'exports' a large number of bricks to the region. Combined brick sales of Redland and Steetley in the south-east, therefore, will be much higher than local production capacity would indicate.

Nonetheless, Redland might find it easier to give undertakings on brick and clay tile disposals than Tarmac and Steetley. The success of the Tarmac/Steetley joint venture is wholly dependent upon their ability to rationalise these UK businesses. Redland wants Steetley's French aggregates business and its UK building materials.

Who gets what could depend upon what Mr Lilley decides.

The Independent

Collapse of the construction industry has resulted in a brick mountain

Cheltenham & Gloucester advances by 27% to £184m

By David Barchard

CHELTENHAM & Gloucester, the sixth largest building society, yesterday confirmed its reputation as the industry's star performer by reporting a 27 per cent increase, from £144.7m to £183.8m, in pre-tax profits for 1991.

It was the fifth year in succession that C&G's profits have grown by more than 25 per cent. However, the balance sheet was dented by provisions of £108.4m against bad debts, up from £20.5m in 1990.

More than half of the provisions were made against lending by Portsmouth, the troubled small society which C&G took over in January last year.

Mr Andrew Longhurst, chief executive, admitted yesterday that its bad debts had turned out to be much worse than expected. Other small societies which C&G absorbed in 1990 accounted for 17 per cent of the provisions.

Total assets rose by 38 per cent to £14.8bn, while mortgage lending was up by 22 per cent to £3.6bn.

The return on assets was 1.39 per cent, well above the industry average.

C&G, already the lowest-cost producer in the mortgage industry, reduced its cost-income ratio from 27.6 per cent to 25.9 per cent.

Mr Longhurst said that the performance showed resilience in a very difficult market.

He issued a veiled warning to the government that unless it changes the legal limits on the amount of their funding which building societies can raise on the wholesale money markets, he may follow Abbey National and convert C&G into a company.

At present societies have an absolute ceiling of 40 per cent on their wholesale funding.

The Building Societies Commission, the industry regulator, opposes raising the limit since if most of their funding came from the money markets rather than their members, building societies would effectively cease being mutual organisations.

"We do not subscribe to the view that mutuality is the only way forward for our industry," Mr Longhurst said.

Holmes Protection $35.5m in the red and seeking new funds

By Richard Gourlay

HOLMES PROTECTION, the US security group that is restructuring under new management following a shareholders' revolt last year, yesterday reported a $35.5m (£19.8m) pre-tax loss for 1991 after exceptional costs.

Last December, new management under the chairmanship of Sir Ian MacGregor, former chairman of British Steel and the National Coal Board, secured a restructuring of group debt that would write-off half the $69m figure.

Holmes said yesterday that its ability to continue as a going concern was dependent on it raising sufficient funds in a proposed new share issue to pay the lenders $33m within the "next few months".

The loss for 1991 compared with previous profits of $5.29m. Exceptional provisions of $30.7m mostly related to the write-down of acquired subscriber contracts. Interest charges rose from $7.29m to $8.23m.

Operating profits fell from $6.6m to $3.4m on sales down 7 per cent at $59m from an operational base reduced by the previous board's sale of activities to repay debt.

Losses per share totalled 52 cents (earnings of 7 cents)

After consultation with Arthur Andersen, its new auditors, Holmes has adopted more conservative accounting standards.

The useful life and carrying value of acquired subscriber contracts has been reviewed, leading to the $21m write down, and fixed assets have also been reduced by $3.6m, also taken as an exceptional charge.

Holmes said its strategy was to increase the recurring revenue base in order to cover the high proportion of fixed costs of running its monitoring and servicing installations.

The group would pursue a vigorous sales effort and seek to acquire subscriber contracts from third parties.

Orders for new installations in January had already surpassed the previous year's level by 20 per cent and there had been a substantial drop in cancellation rates.

Tesco plans job cuts but continues store openings

By John Thornhill

TESCO, the supermarket chain, is seeking about 100 job cuts among its head office and distribution staff by means of voluntary redundancy and early retirement.

The company is also planning to reduce staff numbers in some of its 394 stores by means of voluntary redundancies and a reduction of working hours. The precise number of staff affected is not yet known.

The company has also launched a restructuring of its retail management operations in consultation with Usdaw, the shopworkers' union.

In spite of the possible job losses associated with these programmes, Tesco will still be a net recruiter of staff this year.

By the end of the month, the company will have opened five new stores in February, including its 200th superstore at Maldon, Essex.

Over the next year, a further 28 stores will open providing 8,500 jobs. About 5,000 of these will represent new job opportunities; the remaining positions will be filled through a redeployment of existing staff.

In total, the company employs more than 80,000 full and part-time staff including 2,000 at its head office in Cheshunt, Hertfordshire.

● Co-operative Retail Services, which runs 118 Leo's supermarkets, will launch a promotion on Monday "guaranteeing" the lowest price shopping basket on a range of about 20 basic shopping items. The company promises that if the basket can be bought cheaper elsewhere it will give the shopper twice the difference in price back in cash.

Further board change expected at Budgens

By Andrew Bolger

MR KEITH Clarke is expected to step down as managing director at Budgens, the small food retailer whose institutional shareholders last year installed new management.

Mr Clarke, a former trading and marketing director at Asda Stores, was brought into Budgens in 1990 by Mr John Fletcher, who became chairman and chief executive of the group in 1985 after three years as managing director of Asda.

Last April institutions forced the resignation of Mr Fletcher as chairman, injected £21.7m into the loss-making group and appointed Mr John von Spreckelsen as chief executive.

Last month Mr Derek Pretty resigned as finance director, to be replaced by Mr Graham Rigby, one of the management troika brought in by the institutions last April.

Mr von Spreckelsen, Mr Rigby and Mr Christian Williams joined Budgens after turning round Kafu Wasmund, the Bremen-based supermarket chain.

Budgens recently reported pre-tax profits of £2.2m for the six months to November 28, compared with a restated loss of £33,000 for the same period in 1990.

Mr von Spreckelsen described the results as a "significant first step on the road to recovery", and said his three-year plan to revitalise the group was on course.

He last night declined to discuss Mr Clarke's position, saying any changes in senior management would be announced in an official statement. Mr Clarke was not available for comment.

Burton institutes new management structure

By John Thornhill

BURTON GROUP, the UK fashion company which this week sacked Mr Laurence Cooklin as chief executive, has swiftly moved to create a management board consisting of the directors of its various chains to develop a more cohesive group-wide strategy.

"The company is trying to develop a more collegiate structure than has recently been normal at Burton," the company said.

Mr John Hoerner, who succeeded Mr Cooklin as chief executive, will chair the management board which will meet every fortnight.

"I am a great believer in syndicating responsibility so that managers run with the ideas that they help shape," Mr Hoerner said after assuming the post.

While chief executive at Debenhams, Mr Hoerner was renowned for a more participatory style of management than was usual at Burton's other retail divisions.

Burton also announced yesterday that Mr Terry Green, formerly womenswear buying director at Debenhams, would succeed Mr Hoerner as chief executive of the department store group.

Two Debenhams directors, Mr Keith Cameron, personnel director, and Mr Steven Sharp, marketing director, will now broaden their areas of responsibility on a group-wide basis.

PE Kemp suspended

PE Kemp has asked the Stock Exchange to suspend dealings pending announcement of a substantial acquisition.

NEWS DIGEST

Spurs to challenge £0.4m writ

TOTTENHAM Hotspur, the company which owns the north London football club and which earlier this week announced a pre-tax profit for the first time in two years, has been served with a writ by Brown Shipley, the merchant bank, claiming some £408,000.

The dispute stems from last year's battle to take over the club, eventually won by Mr Alan Sugar, head of Amstrad and chairman of Tottenham, and Mr Terry Venables, chief executive.

Brown Shipley advised the old Tottenham board on the various takeover proposals and is demanding payment for work undertaken.

Mr Sugar said Tottenham was "strenuously objecting" to payment because the bank's fees were "exorbitant". He added that Tottenham had already made provisions to cover the dispute

Net asset value up 12.8% at Yeoman

Yeoman Investment Trust lifted net asset value from 134.7p to 152p per capital share over the 1991 year - an advance of 12.8 per cent.

Net revenue of this split-capital trust amounted to £3.17m (£3.22m) for earnings of 12.87p (13.06p) per income share.

The recommended final dividend is again 1.5p for a maintained total of 13.6p.

£1.7m French buy for Ash & Lacy

Ash & Lacy is paying FFr16.7m (£1.7m) to acquire a third galvanising company in France.

The company, based in northern France, has been newly formed from a division of Nordgalva, part of GPRI which is ultimately held by Usinor Sacilor, the large French steel group.

The new company will trade under the name of Galvanisation de L'Artois.

Whitbread poised to sell machine arm

Whitbread, the brewer and retailer, has put its JPM gaming and amusement machine manufacturing offshoot up for sale.

Mr Peter Jarvis, group chief executive, said the disposal was in line with the group's strategy of concentrating on markets "where we are already, or believe we can become, leaders.

"We consider JPM will have a brighter future with a parent company more committed to the coin operated machine market" he added.

JPM, based in Cardiff, has a workforce of 250. Some 30 per cent of turnover is exported to European Community countries.

Triton Europe turns in £2.61m halfway

Triton Europe, the independent oil and gas exploration and production group, reported after-tax profits of £2.61m for the six months to November 30.

The outcome compared with profits of £28m in the corresponding period of 1990 although this figure reflected the benefit of higher oil prices resulting from the Gulf war and exceptional profits from the sale of the group's North Sea assets and an exchange gain on the subsequent reduction in bank debt.

Net production over the interim period amounted to 949,700 barrels – an average of 5,200 barrels per day – which represented a decline of 6 per cent. Some 88 per cent of the output stemmed from the Villeperdue field in France where another four horizontal wells are scheduled later this year.

Directors said they were undertaking a re-evaluation of the group's current licence interests and exploration commitments. Several licences would be farmed out or relinquished and some applications for new exploration acreage would be withdrawn.

Earnings per share emerged at 3.17p (33.96p). No interim dividend is declared (1p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
BP ....fin	4.2☆	May 7	4.2	16.8	16.05
Crest Nicholson ......fin	0.01	Apr 21	4.85	0.01	7.65
Triton Europe ....int	nil	-	1	-	7‡
Tst of Property ....fin	1.432	Apr 8	1.364	1.432	1.364
Yeoman Inv Trust.....fin	1.5	Apr 3	1.5	13.6	13.6

Dividends shown pence per share net except where otherwise stated. ‡Includes special of 6p. ☆Carries scrip option.

Caldwell raising £395,000 via rights

Caldwell Investments, the USM-quoted textile company, has announced a 1-for-4 rights issue of 1.69m new ordinary shares at 27p each to raise about £395,000 net of expenses.

Mr Stanley Wootliff, chairman, said the company had taken the decision to finance its proposed expansion by way of a rights issue to maintain prudent levels of borrowing.

The issue is being underwritten by Harris Allday Lea & Brooks and it is expected that dealings in the new shares, nil paid, will commence on March 9.

Caldwell directors intend to subscribe for their full entitlement.

Modest fall at Trust of Property Shares

The net asset value of the Trust of Property Shares showed a modest decline – from 79.75p to 78.43p per share – over the 12 months to December 31.

Net revenue declined from £102,328 to £95,265 for earnings of 1.443p (1.55p) per 5p share. The proposed distribution is raised to 1.432p (1.364p).

COMMODITIES AND AGRICULTURE

Saudis resist pressure for deep cuts at Opec talks

By Deborah Hargreaves in Geneva

MINISTERS FROM the Organisation of Petroleum Exporting Countries were in intense talks last night as Saudi Arabia resisted pressure for deep production cuts. The kingdom was being pressed to accept a production level of 7.7m to 7.8m barrels a day as part of an overall ceiling of between 22.5m and 22.8m b/d.

Mr Jibril Aminu, Nigeria's oil minister and current Opec president, said ministers remained 300,000 b/d apart in on the ceiling. And they are still uncertain as to how the cut will be shared. Mr Hisham Nazer, Saudi Arabia's oil minister is reluctant to trim output below 8m b/d.

Saudi Arabia has been coming under mounting pressure from its more impoverished colleagues inside the producers' club to agree to a cut in overall production that would give a boost to world oil prices. But the kingdom wants to shave little more than 1.2m b/d from output, leaving an overall ceiling of 23m b/d.

Mr Nazer kept a low profile at yesterday's talks and was often absent from meetings of the fractious organisation. But he was quietly insisting on a ceiling higher than most other ministers would like.

Saudi Arabia is confident that a ceiling of 23m b/d will be low enough to underpin world prices. But the market is looking for more decisive action to put a floor under the price for the traditionally weak second quarter.

One delegate stressed that the Saudi's more optimistic view of demand was close to other international forecasts and was not far from the estimate, by the Opec secretariat, that the call on Opec oil would be 22.77m b/d by April.

"Saudi Arabia will agree to share out production cuts if we all decide on 23m b/d as a ceiling," one Gulf source said, "but below that we have no proposals."

The brunt of the production cuts would be shared by Saudi Arabia, Iran, United Arab Emirates, Venezuela, Nigeria and Libya, which have all raised output to compensate for the absence of Iraqi and Kuwaiti oil from the market. Ministers from 12 countries appear to be united behind a cut of at least 1.5m b/d, but Saudi Arabia is holding out.

The kingdom is still pushing for production levels to be distributed according to capacity. But ministers have debated long and hard over their capacity levels. In the run-up to fixing individual production levels, there is a tendency by some artificially to inflate their figures in order eventually to gain a higher share of the overall ceiling.

One delegate said that if all of these claims were added up, they come to an overall output of 25.3m b/d, at least 1m b/d higher than outside estimates for Opec capacity. It is way above the secretariat's estimate of December production, 24.4m b/d, which was when producers were believed to be pumping flat out. "These numbers are all purely fictitious," the delegate said, "nevertheless, we've been debating them all morning."

At the same time, the agreement must make some allowance for Iraq and Kuwait. Mr Aminu said that any final deal would include a clause calling on members to institute immediate cuts if Iraq returned to the market, although Baghdad is unlikely to start exporting oil before Opec's next meeting in May. Kuwait will be allowed to produce freely and the emirate has said it could be pumping 900,000 b/d by June.

Russian supply fears lift metal prices

By Kenneth Gooding, Mining Correspondent

NERVOUSNESS ABOUT the impact of new Russian export regulations on aluminium and nickel supplies caused prices to rise sharply on the London Metal Exchange yesterday.

Management at Krasnoyarsk, the world's second-largest aluminium smelter, have warned the Russian government that it will start to shut down the export sector of the plant – which accounts for about one third of the 800,000 tonnes annual output – from February 25 unless the regulations are revised.

"We are on the brink of bankruptcy," Mr Vladimir Krutko told Reuter. He said the new regulations had added 8m roubles in export duties to the 1.4m rouble cost of transportation. In addition, half the hard currency earned had to be converted into roubles.

Analysts suggested the Krasnoyarsk management was putting political pressure on the Russian government but was unlikely to make production cuts. "I would be very surprised to see this followed through. This is one of the few ways Russia can earn foreign currency," said Mr William Adams, analyst at the Rudolf Wolff commodities group.

Mr Robin Bhar, analyst at Carr Kitcat & Aitken, part of the Banque Indosuez group, said: "This is posturing to get the export tax reduced. The Russian civil servants are new to the job and need educating about what is reasonable in a market environment. They will back off."

Norilsk, the world's biggest nickel producer, is also complaining that its ability to finance essential technical improvements is being handicapped by the new regulations which involve Russian companies having to convert 50 per cent of any foreign exchange earnings into roubles.

At risk is the US$600m plan submitted by Outokumpu, the state-owned Finnish group, to renovate Norilsk's Pechenganikel smelter on the Kola Peninsula. Mr Pekka Hynynen, project director, told Reuter Norilsk hoped to pay by selling aluminium abroad but the new regulations would cut its income. "We understand that Norilsk will ask the government to make some exceptions to the rules so that it can pay for the project," he added.

The LME's three-month nickel price jumped by $65 a tonne to $7,892.50 yesterday after the market absorbed this news. Aluminium, which rose strongly on Wednesday because of rumours about the Krasnoyarsk problems, closed up another $20.35 yesterday at $1,283.75 a tonne.

South African farmers pray for rain

By Patti Waldmeir, recently in the Transvaal

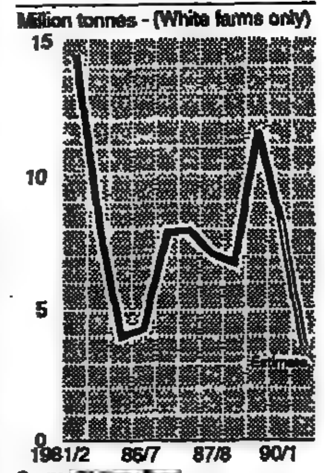
"Only God can help us through this crisis," said the Afrikaner preacher called to provide spiritual guidance to South Africa's farmers, who have been hit by one of the worst droughts in living memory.

Indeed, in the eastern Transvaal town of Bethal, where Dominee Nel was delivering his sermon at a farmers' meeting earlier this week, elderly residents say this drought is the worst since 1933. Mr J.G. Wilson of the local agricultural co-operative says maize farmers in the area – one of the largest maize producing regions – have already lost 80 to 100 per cent of their crops.

Agricultural economists point out that drought years are more the norm in South Africa than the exception. But Mr Koos du Toit, chief economist of the South African Agricultural Union, says it is the worst drought he has ever seen, and the most widespread. Farmers who produce maize, South Africa's staple food, will be the hardest hit, with stock farmers also at risk. Mr du Toit endorses comparisons with 1933, a highly emotive year for Afrikaners because of the numbers forced off the land by drought.

Maize production

Million tonnes - (White farms only)



Source: SA Maize Board

The Maize Board, the state marketing board, expects a crop of 4m tonnes, though Mr du Toit believes it could be closer to 3m or 3.5m, which would make it the worst harvest in 50 years. The board expects to import 2m to 3m tonnes of maize for local consumption, at a cost of R1.5bn. Mr du Toit believes imports could hit 3.5m.

Government, for its part, has said that it will act to prevent farmers leaving the land this time – although it has little room for manoeuvre, given the fragility of the country's political transition, the depressed economy and the demands of blacks for a fairer share of government spending.

None the less, Pretoria is understood to be contemplating substantial drought aid for farmers: several hundred million rands, or perhaps as much as R1bn (£200m) over two to three years. Without such aid, the Maize Board estimates that some 2,000 to 3,000 of the 17,000 maize farmers could be forced off the land this year, victims of high interest rates, high input costs, and excessive debt, with drought just administering the *coup de grace*.

Given the ruling National Party's current unpopularity among whites – especially farmers, who are traditionally ultra-conservative – this could prove a serious political blow to the reform process.

But the alternative – numerous bankruptcies – could have a serious knock-on effect in several areas. Farm labourers, most of them black, could lose their jobs; with about 1m employed in farming overall, this could be a severe problem. Businesses in rural towns are already suffering and more could fold because of drought.

Millions of black subsistence farmers will also be victims of drought, with the charity Operation Hunger warning that hunger could turn to starvation soon in many rural areas.

Farmers say abnormally low rainfall and unusually high daytime temperatures have just compounded the already precarious financial situation of many. They complain of deteriorating terms of trade, noting that an imported tractor which cost the equivalent of 191 tonnes of maize in 1985, had risen to cost the equivalent of 347 tonnes by 1989-90.

Farm debt is another serious problem, with farmers struggling to repay debts of nearly R16bn at interest rates of over 20 per cent. Low agricultural output will depress overall economic activity, slowing South Africa's recovery from a three-year recession. Real gross domestic product has been forecast to rise by 1.5 per cent this year, though that figure could prove much too optimistic if the worst drought predictions are borne out.

Chile angers its fruit exporters

By Leslie Crawford in Santiago

FRUIT EXPORTERS in Chile are up in arms over government plans to allow Argentine rivals to ship their produce through Chilean ports.

As the world's leading suppliers of fresh fruit during the northern hemisphere's winter months, Chilean producers fear they will lose hard-won markets in Japan and elsewhere in Asia if Argentina gains access to a Pacific outlet for its fruit exports. They also fear that the transit of fresh Argentine produce through Chile might bring pests such as the Mediterranean fruit fly, despite promises of stringent sanitary controls.

"We cannot understand why the government is willing to put our exports at risk," Mr Ricardo Ariztia, president of Fedefruta, the fruit producers federation, said this week. "We are strongly urging the authorities to reconsider this decision."

The opening of nine Chilean ports to Argentine trade by 1993 forms part of an economic integration accord signed between both nations in 1990. Mr Ivan Nazif, the deputy minister of agriculture, said yesterday that there were economic benefits for Chile in the accord, including charges for port services. He said Argentine fruit would have to be pest-free before crossing the Andes.

But fruit producers are not convinced by the official guarantees. They are particularly worried about the transit of Argentine fruit through the northern Copiapo valley, an oasis of orchards reclaimed from the Atacama desert. Copiapo produces the first grapes of the season, which fetch the best prices in the US and Japan. Chilean producers do not want competition from northern Argentina, which harvests in the same months.

The proposed measures could not come at a worse time for the Chilean fruit trade. The US recession has depressed demand and prices. The Americans are complaining about the quality of Chilean fruit this year, which was hampered by frosts and heavy rains in October. A revaluation of the Chilean peso last month is also squeezing profit margins.

Fresh fruit exports earned $948m last year, a 35 per cent increase over 1990. But the exponential growth of the past decade is unlikely to be repeated in the 1990s.

Booker to manage Barbadian sugar

By Canute James in Kingston, Jamaica

BOOKER TATE, a subsidiary of Booker, the UK food group, is to take over the management of the troubled Barbados sugar industry for six months. The island's heavily indebted industry is to be placed in receivership at the end of this year's harvest.

The contract for Booker Tate's temporary management follows increasing financial problems which saw a shutdown of the Barbados sugar industry late last year. It has been restarted with the assistance of a loan from a British bank.

The sugar industry owes a local bank the equivalent of US$87m, and has been troubled by falling production in recent years. The 1991 harvest yielded 65,774 tonnes, the lowest in 60 years, and the industry has been having difficulty meeting its quota commitments to the European Community and the US, and satisfying domestic demand.

Price rise brightens outlook for New Zealand dairy farmers

By Terry Hall in Wellington

THINGS ARE looking up for New Zealand's dairy farmers, thanks to currency changes and firmer international demand.

Yesterday the New Zealand Dairy Board announced they are to receive an unexpected 60 NZcents (18p) a kilogram for milk fat equivalent in their latest seasonal quarterly adjustment. This brings the pay out so far this season to NZ$4.70 a kilogram. Mr Dryden Spring, the board chairman, said that the probable final price for the season was be between NZ$5.10 and NZ$5.20 a kilogram.

The extra payment represents an NZ$8,000 boost to the average dairy farmer when the money is paid out on February 20, on top of an average NZ$10,000 monthly payment for the 10 month season, out of which they have to pay farm costs, tax and interest charges.

The change has come relatively quickly. Last season was disastrous for the industry, with returns at historic lows. Most farmers, who receive no state assistance or subsidies, operated at a loss, and there was real concern that many would abandon their farms. The total board payout was NZ$3.50 a kilogram and the board was compelled to inject NZ$50m of its reserves to bring the payout to NZ$3.70.

The 15 companies who form the New Zealand Dairy Board, which is a national co-operative, are likely to make additional payments from their own profits. This has averaged 55 cents a kilogram and a similar figure is predicted for this season, suggesting that the average farmer will receive a total payout of about NZ$5.60 a kilogram.

Even at this level, returns will not have regained the levels of the late 1980s. In 1989 the payout was NZ$5.80 a kilogram, falling to NZ$3.70 in 1990 and $3.50 last season.

The new season began on a somewhat happier note in July, and the board said in October that it hoped to raise its payout to about NZ$3.90. In November it announced a payout of NZ$4.10 for that quarter, and said that if present trends continued the end of season payment might reach NZ$4.35. The change means that the dairy industry will earn New Zealand more than NZ$3bn this season, compared with NZ$2.4bn last year.

The devaluation of the New Zealand dollar, of about four per cent since the end of November, made a significant contribution to the improvement in returns.

Exchange movements of the US dollar, in which the international trade is conducted, against European currencies have also been to New Zealand's advantage, as they have raised the price of European exports, leading to a strengthening of international prices.

This was helped by a drop in supplies coming on the market, because of a fall of about 2 per cent in European production. The flood of supplies from the former communist states in eastern Europe, which had helped disrupt the market last season, also ebbed.

Mr Spring said New Zealand had also benefitted from continuing growth in consumption in the developing Asian markets, and Latin America. Growing wealth is seeing a steady rise in consumer interest in dairy products in these regions.

These favourable factors allowed the board to reduce its stocks during the season. They had been high when the season began. The board does not announce its stock levels for commercial reasons, but Mr Spring said he was "comfortable" with the present situation.

Board staff say, however, that the improving situation will be monitored closely. The world is still producing much more milk than it needs, mostly because of subsidies, and the potential this has to disrupt the market remains a matter for concern.

Cocoa touches 6-month lows

By David Blackwell

COCOA PRICES touched six-month lows in both London and New York yesterday. The London May contract closed at £694 a tonne, down £8 on the day and £14 on the week.

The market's continuing decline (last week May fell £48) has taken traders by surprise. Prices had been expected to advance on forecasts of the first production deficit for eight years. However, arrivals at ports in the Ivory Coast, the biggest producer, have continued to be higher than expected. In addition, market talk suggests that manufacturers are selling nearby positions to force prices down ahead of West African price fixing for the 1992-93 season. Under an IMF agreement the Ivory Coast has to sell two-thirds of next year's crop before summer.

Mr Lawrence Eagles, analyst with GNI, the London futures broker, said large numbers of speculative and fund "longs" who were anticipating a price rise had been forced out of the market, further increasing the downward pressure.

This week's meeting of the International Cocoa Organisation's working party on a new agreement finishes today but little progress is expected. The ICCO Council meets next week, but the market is likely largely to ignore the proceedings. "The most important decision taken at one these meetings now is to fix the date of the next meeting," said one observer.

WORLD COMMODITIES PRICES

MARKET REPORT

Copper prices on the LME continued to derive support from technical factors following Wednesday's chart advance. But stiff resistance was seen around $2,230 a tonne for three-month metal. Fresh consumer interest is needed to maintain the recent rally, dealers said, otherwise prices may drift back below $2,220. On Comex prices were also ahead at midday. "The rally seems more technical in nature than fundamental but there is a continued and growing optimism the market will see some strong Chinese demand. The key in near term is for March to hold above $1," said one observer. Meanwhile, Codelco said its Chuquicamata mine produced less fine copper than it was expected to in January because it had to process harder ore rocks, lowering its milling capacity. Lead matched the general trend in LME base metals and edged higher as the technical picture started to look constructive. Tin lost further ground on profit taking prompted by recent six-month highs. But tightness around April and a shortage of quality metal continues to support underlying sentiment. Weak New York arabica coffee futures put pressure on London, where plentiful supplies of robustas were already keeping a lid on the market.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$15.55-5.60w	+0.20
Brent Blend (dated)	$18.45-6.55w	+.225
Brent Blend (Apr)	$18.25-8.35	+.175
W.T.I. (1 pm est)	$19.60-9.60w	+.175
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$207-209	-1
Gas Oil	$173-174	+1
Heavy Fuel Oil	$65-66	
Naphtha	$188-189	+3
Petroleum Argus Estimates.		
Other		+ or -
Gold (per troy oz)♣	$356.40	-0.7
Silver (per troy oz)♣	423.0c	+3
Platinum (per troy oz)	$369.25	+1
Palladium (per troy oz)	$86.25	
Copper (US Producer)	105.39c	+2.70
Lead (US Producer)	37c	
Tin (Kuala Lumpur market)	14.50r	-0.03
Tin (New York)	261.50	-4.50
Zinc (US Prime Western)	62.0	
Cattle (live weight)†	107.10p	-1.43
Sheep (live weight)†♠	101.55p	-2.20
Pigs (live weight)†	85.95p	+0.12
London daily sugar (raw)	$196.10	-3.10
London daily sugar (white)	258.6y	-0.4
Tate and Lyle export price	216.0	+2
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£147.0	-0.5
Wheat (US Dark Northern)	Unq.	
Rubber (Mar)♥	50.25p	+0.25
Rubber (Apr)♥	50.50p	+0.25
Rubber (KL RSS No 1 Feb)	213.5m	-0.5
Coconut oil (Philippines)§	$725y	+10
Palm Oil (Malaysian)§	$385.0q	-2.5
Copra (Philippines)§	$487.5y	+7.5
Soyabeans (US)	£148.5z	+2
Cotton "A" Index	56.25c	+0.35
Wooltops (64s Super)	452p	+30

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jan/Feb u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Feb w-Apr. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices.

SUGAR – London FOX			($ per tonne)
Raw	Close	Previous	High/Low
Mar	177.40	176.00	177.60 175.60
May	178.00	176.60	177.80 176.40
Aug	185.60	183.20	184.60 183.40
White	Close	Previous	High/Low
Mar	255.0	255.7	258.5 250.9
May	262.0	262.7	264.5 261.4
Aug	267.8	267.7	268.0 267.0
Oct	256.5	257.7	259.7 257.0
Mar	261.0	260.4	260.7 259.5

Turnover: Raw 895 (825) lots of 50 tonnes. White 3645 (2625). Paris- White (FFr per tonne): Mar 1451.44, May 1470.83

BRENT CRUDE OIL – IPE			$/barrel
	Latest	Previous	High/Low
Mar	18.52	18.26	18.58 18.31
Apr	18.34	18.15	18.53 18.20
May	18.30	18.14	18.45 18.20
Jun	18.20	18.07	18.35 18.16
Jul	18.13	17.96	18.30 18.10
IPE Index	18.41	18.09	

Turnover 23600 (43552)

GAS OIL – IPE			$/tonne
	Close	Previous	High/Low
Mar	169.75	169.50	171.50 169.25
Apr	167.75	167.00	169.50 167.00
May	166.00	165.50	167.25 166.50
Jun	166.75	166.50	167.25 166.00
Jul	169.00	168.50	169.00 167.50
Aug	171.00	170.25	171.00 170.00
Sep	173.00	172.50	173.00 172.00
Oct	175.00	174.75	175.00 173.00

Turnover 6832 (16786) lots of 100 tonnes

FRUIT & VEGETABLES
Top quality Jaffa Shamouti oranges at 13-30p a lb are outstanding this week, along with grapefruit at 30-45p each, reports the FFVIB. Cape Thompson grapes are at 80p-£1.20 a lb with Cape Festival at £1.00-1.20 a lb both are also good fruit buys. English Comice pears at 60-70p a lb and English Conference at 40-60p a lb are excellent, together with plums at 80p-£1.20 a lb. Notable vegetable buys are carrots at 55-60p each, broccoli at 55-60p a lb and Egyptian new potatoes at 20-30p a lb. Supplies of tomatoes are plentiful and are priced at 45-75p a lb. Celery at 50-60p a head and spring onions at 45-55p a bunch.

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
Mar	666	675	674 665
May	694	702	704 695
Jul	722	727	731 715
Sep	744	761	754 737
Dec	760	786	788 775
Mar	813	816	816 805
May	821	835	829 827
Jul	850	854	845 845

Turnover: 5555 (4459) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb.11 639.55 (653.50) 10 day average for Feb.12 671.73 (676.27)

COFFEE – London FOX			$/tonne
	Close	Previous	High/Low
Mar	861	875	864 862
May	891	[illegible]	914 890
Jul	914	931	936 912
Sep	936	957	952 937
Nov	965	975	984 964
Jan	990		[illegible]

Turnover:2367 (3869) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb. 11: Comp. daily 57.37 (56.93) 15 day average 57.58 (57.91)
Sterling close: March 5480

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
Apr	120.0	119.7	120.2 119.8
May	139.0	135.5	139.8 139.0
Apr	128.0	128.0	127.6 127.0

Turnover 189 (40) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Jun	121.00		121.00
Aug	121.50		122.00 121.50

Turnover 100 (48) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point
	Close	Previous	High/Low
Feb	1303	1327	1311 1305
Mar	1378	1395	1395 1370
Apr	1385	1395	1400 1385
Jul	1200	1213	1200 1190
Oct	1339	1355	1350 1350
BFI	1323	1339	

Turnover 408 (537)

GRAINS – London FOX			£/tonne
Wheat	Close	Previous	High/Low
Mar	125.00	125.05	124.95 124.80
May	128.60	128.70	128.55 128.40
Jun	130.30	130.45	130.25 130.10
Nov	114.60		114.75 114.50
Jan	118.65		118.10
Barley	Close	Previous	High/Low
Mar	117.15	116.90	118.85 116.75
May	120.10		120.00 119.60

Turnover: Wheat 495 (118), Barley 44 (21). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg			
	Close	Previous	High/Low
Mar	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]

Turnover:119 (95) lots of 3,250 kg

LONDON METAL EXCHANGE					(Prices supplied by Amalgamated Metal Trading)	
	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 45,402 lots	
Cash	1269.5-70.5	1248.5-9.5		1265-66		
3 months	1293.5-94	1273-74	1294/1280	1289-9.5	1292-93	144,857 lots
Copper, Grade A (£ per tonne)					Total daily turnover 20,440 lots	
Cash	1255-56	1253-54	1284	1284-85		
3 months	1276-8.5	1256-57	1279/1251	1255.5-57	1274-74.5	121,459 lots
Lead (£ per tonne)					Total daily turnover 2,032 lots	
Cash	284.75-5.25	279.50-80.0	287/282	282-2.5		
3 months	295-5.25	291.25-1.50	299/292	293-3.5	295.5-97	16,274 lots
Nickel ($ per tonne)					Total daily turnover 3,485 lots	
Cash	7845-55	7775-85		7765-66		
3 months	7890-95	7835-40	7890-7780	7820-25	7846-50	39,273 lots
Tin ($ per tonne)					Total daily turnover 1,711 lots	
Cash	5665-85	5705-15	5675	5670-75		
3 months	5685-90	5730-35	5720/5680	5695-96	5665-70	5,897 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 9,002 lots	
Cash	1129-31	1125-30	1135/1134	1134-35		
3 months	1140-41	1130-40	1160/1135	1145.5-6.0	1139-40	44,103 lots

LME Closing US rate: SPOT: 1.7705 | 3 months: 1.7447 | 6 months: 1.7175 | 9 months: 1.6966

LONDON BULLION MARKET (Prices supplied by N M Rothschild)		
Gold (fine oz)	$ price	£ equivalent
Close	356.20-356.60	
Opening	357.40-357.80	
Morning fix	356.65	199.802
Afternoon fix	356.35	200.676
Day's high	357.70-358.00	
Day's low	355.20-355.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	3.34	6 months	3.23
2 months	3.29	12 months	3.33
3 months	3.27		

Silver fix	p/fine oz	US cts equiv
Spot	236.00	421.60
3 months	240.85	424.80
6 months	248.75	429.10
12 months	258.35	438.75

GOLD COINS (Prices supplied by Engelhard Metals)	$ price	£ equivalent
Krugerrand	356.25-357.25	200.50-201.50
Maple leaf	367.00-369.00	206.50-207.00
New Sovereign	87.50-88.50	49.25-49.75

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	Jun	Mar	Jun
1200	81	117	3	17
1300	16	56	37	54
1400	1	21	121	116
Copper (Grade A)	Calls		Puts	
2150	82	105	3	27
2250	16	50	36	70
2350	1	19	120	138
Coffee	Mar		Mar	
450	39			
500	3		14	
550			61	
Cocoa	Mar	May	Mar	May
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brent Crude	Apr	May	Apr	May
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Feb	355.9	358.1	357.5	355.5
Mar	356.4	358.7	0	0
Apr	357.3	359.6	359.2	356.3
Jun	359.3	361.6	361.2	358.6
Aug	361.4	363.7	0	0
Oct	363.5	365.7	364.6	364.6
Dec	365.7	367.8	367.1	365.2
Feb	368.0	370.1	368.5	367.9
Apr	357.3	359.6	359.2	356.3

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Feb	366.0	366.0	0	0
Apr	369.9	369.5	371.5	367.5
Jul	369.8	369.2	371.0	369.0
Oct	372.3	371.3	373.5	372.0
Jan	372.0	370.8	373.0	372.0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Feb	419.7	420.7	0	0
Mar	420.3	421.3	425.5	418.0
Apr	421.7	422.7	0	0
May	423.4	424.4	429.0	421.0
Jul	426.5	427.3	432.5	424.0
Sep	429.9	430.5	436.0	428.0
Dec	435.1	435.6	440.0	434.0
Jan	436.7	437.2	0	0
Mar	440.9	441.3	444.0	440.0
May	445.3	445.6	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Feb	101.70	101.30	101.70	101.10
Mar	101.80	101.65	102.25	101.10
Apr	101.25	101.10	101.30	101.10
May	100.55	100.60	100.90	99.90
Jun	100.10	100.20	100.30	100.30
Jul	99.70	99.80	100.20	99.50
Aug	99.55	99.65	99.80	99.80
Sep	99.40	99.50	99.90	99.80
Oct	99.30	99.40	99.60	99.60
Nov	99.20	99.35	99.50	99.50

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	8.02	7.94	8.05	7.98
May	8.16	8.10	8.18	8.12
Jul	8.28	8.20	8.33	8.27
Oct	8.40	8.35	8.41	8.35
Mar	8.64	8.57	8.64	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Mar	19.48	19.27	19.65	19.35
Apr	19.64	19.45	19.82	19.50
May	19.71	19.49	19.85	19.56
Jun	19.64	19.48	19.82	19.55
Jul	19.59	19.44	19.73	19.58
Aug	19.51	19.40	19.68	19.51
Sep	19.50	19.36	19.63	19.48
Nov	19.46	19.31	19.55	19.44
Dec	19.47	19.31	19.58	19.46

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Mar	5520	5537	5600	5460
Apr	5470	5488	5540	5430
May	5405	5405	5460	5360
Jun	5340	5326	5390	5320
Jul	5340	5320	5365	5320
Aug	5390	5360	5460	5375

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Mar	1075	1091	1093	1057
May	1112	1125	1116	1094
Jul	1150	1162	1157	1131
Sep	1186	1195	1192	1168
Dec	1236	1241	1239	1221
Mar	1270	1275	1273	1257
May	1298	1301	1295	1289
Jul	1320	1325	0	0
Sep	1357	1368	0	0
Dec	1386	1391	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	69.15	70.55	71.20	68.50
May	71.85	73.60	74.20	71.50
Jul	74.70	76.50	77.00	74.25
Sep	77.35	79.00	79.75	77.30
Dec	81.10	82.70	83.25	81.00
Mar	84.90	86.10	87.00	85.00
May	88.90	90.25	0	0
Jul	91.25	91.75	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Mar	53.37	54.89	54.45	53.35
May	55.16	56.82	56.12	54.95
Jul	56.28	57.62	57.22	56.01
Oct	58.80	59.80	59.50	58.75
Dec	59.50	60.57	60.22	59.40
Mar	60.85	61.85	0	0
May	61.63	62.48	62.16	62.15
Jul	62.13	63.13	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	146.95	143.90	147.00	143.85
May	144.60	142.25	144.75	142.25
Jul	143.25	141.00	143.25	141.15
Sep	137.50	136.00	138.00	136.50
Nov	131.00	130.05	132.00	130.50
Jan	131.00	130.00	131.00	130.50
Mar	131.00	129.95	131.00	131.00
May	131.00	129.95	0	0
Jul	131.00	129.95	0	0

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Feb.13	Feb.12	mnth ago	yr ago
	1566.3	1565.6	1609.1	1664.8
DOW JONES (Base: Dec. 31 1974 = 100)				
	Feb.12	Feb.11	mnth ago	yr ago
Spot	118.24	116.76	112.44	122.37
Futures	122.51	121.90	121.49	127.90

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Mar	570/2	570/0	571/6	566/0
May	577/6	578/4	579/4	573/4
Jul	587/0	585/0	588/0	581/0
Aug	590/4	588/4	590/4	586/0
Sep	593/0	591/0	594/0	591/0
Nov	603/2	598/4	604/6	596/4
Jan	612/0	608/4	612/0	606/0
Mar	621/4	616/0	621/4	618/0
May	627/0	625/4	627/0	625/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Mar	18.97	19.01	19.15	18.95
May	19.27	19.29	19.44	19.25
Jul	19.58	19.61	19.75	19.55
Aug	19.77	19.78	19.92	19.74
Sep	19.89	19.86	19.97	19.88
Oct	19.96	19.95	20.05	19.86
Dec	20.32	20.35	20.45	20.31
Jan	20.40	20.42	20.46	20.40
Mar	20.60	20.60	0	0
May	20.80	0	0	0

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Mar	172.8	172.7	173.3	172.0
May	174.2	175.0	175.4	174.0
Jul	176.2	177.3	178.3	176.0
Aug	179.2	178.5	179.3	177.5
Sep	180.3	179.5	180.3	178.7
Oct	195.0	195.2	195.0	193.0
Dec	195.5	194.7	195.5	194.3
Mar	188.0	196.2	0	0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Mar	263/0	264/2	264/4	262/0
May	270/6	271/4	272/2	269/4
Jul	276/4	276/2	277/4	275/0
Sep	273/2	272/2	274/0	272/4
Dec	271/2	269/4	271/4	269/0
Mar	277/2	275/6	277/2	275/0
May	280/6	278/6	280/6	279/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Mar	422/2	424/4	428/0	420/0
May	417/4	417/0	421/4	413/4
Jul	396/0	395/0	400/0	391/0
Sep	399/2	398/4	403/4	393/0
Dec	408/2	408/0	413/4	403/4
Mar	411/0	409/0	413/4	404/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Feb	78.625	78.700	78.750	78.350
Apr	77.325	77.600	77.775	77.175
Jun	72.775	72.750	73.125	72.550
Aug	68.950	69.125	69.300	68.900
Oct	69.425	69.900	69.800	69.325
Dec	69.900	70.300	70.250	69.900
Feb	69.250	69.800	70.000	69.250

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Feb	41.550	41.775	42.300	41.400
Apr	41.350	41.975	42.300	41.250
Jun	45.750	46.050	46.275	45.500
Jul	45.825	46.425	46.650	45.750
Aug	44.425	44.900	45.150	44.375
Oct	41.450	41.800	41.900	41.275
Dec	43.650	44.175	44.275	43.650
Feb	44.825	45.050	44.900	44.825

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	36.000	36.275	36.600	35.700
Mar	36.200	36.600	36.900	35.650
May	37.450	37.875	38.100	37.250

LONDON STOCK EXCHANGE

Market stands up well to bad news

By Terry Byland, UK Stock Market Editor

A SERIES of hammer blows from leading UK companies failed to depress London equities yesterday, and an erratic performance left share prices little changed across the broad range of the market. Share trading remained very selective, although trading volume was boosted by heavy turnover in BP and Hanson after their respective quarterly results.

Equities opened in good form, with the new record on the Dow Average overnight helping offset continuing nervousness over the valuation of the US equity markets. The FT-SE Index gained 8.5 points in spite of news of a sharp rise in UK unemployment last month, a development seen as likely to hinder the re-election chances of Mr Major's Conservative government.

Account Dealing Dates

*First Dealings:	Jan 27	Feb 10	Feb 24
Option Declarations:	Feb 6	Feb 20	Mar 5
Last Dealings:	Feb 7	Feb 21	Mar 6
Account Day:	Feb 17	Mar 2	Mar 16

*New-time dealings may take place from 8.30 am two business days earlier.

However, the market was abruptly turned back by BP's announcement of a heavy fall in income and an unchanged dividend for the fourth quarter.

Market analysts had taken divided views on BP, and the trading statement from the global oil company brought some turmoil on the dealing screens. No sooner had the market settled down again than Lord Hanson disclosed his group's first recorded fall in quarterly profits, adding that he saw "no signs of recovery in the market."

The Footsie was soon down by nearly ten points, although the activity was largely focused around Hanson and BP. Some other leading internationals, including ICI, replaced gains with losses, but trading died down as Wall Street opened the new session 13 Dow points off.

The absence of selling pressure across the full range of equities enabled share prices to rally successfully, and the final quotation on the FT-SE Index of 2,522.6 showed a net fall of only 1.1 points; this fall reflected little more than the setback in both Hanson and BP, leaving the rest of the UK stock market effectively firmer on the day.

Market turnover was also distorted by heavy trade in the two blue chip stocks, which between them were responsible for nearly 12 per cent of the day's Seaq volume total of 527.2m shares; on Wednesday, 448.1m shares through the Seaq network were worth only £811.9m in terms of genuine retail business in equities.

Traders pointed to the low volume figure as the reason behind the market's apparently calm reception of yesterday's flow of bad news, as well as the persistent worries over the outlook for equities both in Tokyo and New York.

The London market appears to have set into a pre-election mode, and traders do not expect much significant development on the UK side.

Signs this week of renewed political scandals in Tokyo are now casting shadows in the UK market, and the successive peak performances on Wall Street have not removed deep-seated worries among some UK analysts that the US market may be seriously overvalued in terms of underlying corporate earnings prospects. However, London remains under the spell of the daily performances of the Dow and Nikkei indices.

This uncertain backcloth has caused UK investors to remain highly selective and often willing to respond to somewhat long-whiskered takeover stories. Both Fisons and Cadbury Schweppes were active on such tales yesterday, although neither stock attracted any convincing level of genuine investment business.

FINANCIAL TIMES STOCK INDICES

	Feb 13	Feb 12	Feb 11	Feb 10	Feb 7	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	88.41	88.37	88.29	88.25	88.17	86.74	88.41 (13/2/92)	82.17 (2/1/91)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	101.17	101.17	100.93	100.96	100.99	93.92	101.17 (12/2/92)	90.59 (2/1/91)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1957.4	1963.3	1964.2	1958.9	1945.1	1817.5	2108.3 (2/9/91)	1608.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	146.2	144.3	141.9	139.7	141.7	136.1	222.8 (11/7/91)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2522.6	2523.7	2537.1	2538.4	2517.2	2294.4	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1168.11	1168.78	1172.23	1173.05	1168.38	1050.08	1198.80 (3/9/91)	938.62 (16/1/91)	1198.80 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.66	4.66	4.65	4.66	4.69	5.27				
●Earning Yld %(full)	6.94	6.92	6.91	6.93	6.97	10.97				
●P/E Ratio(Net)(☆)	18.07	18.13	18.14	18.11	17.99	11.02				
SEAQ Bargns 4.45pm	20,451	26,978	28,392	29,384	35,927	34,226				
Equity Turnover(£m)†	-	811.9	768.7	690.4	1202.4	1319.87				
Equity Bargains†	-	26,694	28,172	29,108	43,217	35,302				
Shares Traded (ml)†	-	372.6	359.4	389.2	614.9	606.8				

Basis 100 Govt. Secs 15/10/26, Fixed int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 17.05 † Indicates

Ordinary Share Index, Hourly changes Day's High 1969.9 Day's Low 1951.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1966.2	1963.5	1967.9	1968.5	1968.3	1966.2	1961.7	1959.6	1953.7

FT-SE 100, Hourly changes Day's High 2532.2 Day's Low 2513.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2526.1	2522.6	2527.5	2531.1	2531.8	2531.5	2526.3	2525.3	2517.0

FT-SE Eurotrack 200, Hourly changes Day's High 1171.47 Day's Low 1168.11

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1169.15	1169.55	1170.48	1170.47	117.70	1170.30	1170.62

GILT EDGED ACTIVITY

Indices*	Feb 12	Feb 11
Gilt Edged Bargains	74.1	86.1
5 – Day average	82.1	85.0

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index. Tel 0891 123001 Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

Dividend news hurts BP

DISAPPOINTMENT with the fourth-quarter dividend, and results below the most pessimistic forecasts, triggered a fresh slide in BP shares, which fell to their lowest closing level since April 1989. The stock ended its busiest trading session since mid-1990 a net 10 lower at 274p, after touching 268p. Turnover topped 40m shares.

Oil sector specialists said the market had taken the dividend news very badly. The payment was held at 4.2p and most analysts had expected it to be increased to 4.3p.

Observers were busy preparing earnings downgrades after the figures. Mr John Toalster, at Strauss Turnbull, adopted an extremely bearish stance: "It is no longer a question of whether BP will cut the dividend, simply a question of when and by how much; we think they will hold the payment for the first two quarters and then cut the payment to 2.8p in the third. The shares are going down to 220p."

Dismay over BP's numbers triggered a predictable flurry of switching into Shell, which rose 4 to 478p on heavy turnover of 8.8m.

Hanson active

First-quarter results from Hanson yesterday prompted volatile and heavy two-way trading. The shares closed 2 off at 197¾p after being more than 5 up at one stage. The recorded turnover was 24m shares. Hanson was also the most active stock option in the Traded Options market.

The profits were in the middle of the range of forecasts and many investors liked the yield and the earnings per share. There was also support from a 45-page strategy review published by securities house Hoare Govett. However, a decision to change the dividend policy led to wide confusion and there was concern over the lower than expected tax charge.

Airtours placing

A successful placing of new and existing shares in Airtours left the holiday group off 15 at 245p. US buyers were again in evidence as Hoare Govett, the broker, placed the 5.1m package with institutions from both sides of the Atlantic.

The shares consisted of 1.3m ordinary, and 3.8m in warrants on behalf of the directors which are due for exercising on February 28. The stock was bought at 250p and placed, or conditionally placed in the case of the warrants, at 252p. Owners Abroad lost 2¼ to 109p in sympathy with Airtours.

Securicor busy

The two classes of shares in Securicor and those of its 51 per cent owned subsidiary Security Services gave another outstanding performance yesterday, responding to increasing hopes that the two companies may be on the verge of selling their minority interests in Cellnet to BT. Cellnet is one of the UK's two cellular radio networks.

Securicor has a direct 13.3 per cent stake in Cellnet, and Security Services a further 27 per cent. Analysts said the Securicor/Security Services holdings in Cellnet are among the cheapest cellular stocks in the world. BT holds the rest of Cellnet.

Telecoms specialists said BT would be willing buyers of the Securicor/Security Services holdings and that Oftel, the telecoms regulator, would allow such a move. It was also pointed out that a sale would be most likely to take place before the general election.

US institutions were said to be chasing Securicor stock yesterday after good results from McCaw, the US cellular group. Smith Barney, the US brokerage, has been a keen supporter of cellular issues recently. Securicor ordinary shares added 15 at 765p and the "A" rose 25 more to 605p. Security Services jumped 21 to 486p.

BT came in for strong support, still responding to a series of broker buy notes, with the "old" 4½ higher at 335p and the "new" 2¾ better at 123¾p.

Harland Simon plunged 332p to 253p after the group warned on big write-offs and the effect of the failure of the late Mr Robert Maxwell's businesses.

Worries that London Electricity had lodged a complaint with Offer, the electricity regulator, regarding supplies from National Power left the latter 5½ down at 214p. PowerGen declined 7 to 220p. A Daiwa buy recommendation boosted Severn Trent Water 5 to 249p.

Babcock International put on 2¼ to 58p as the market assessed the news that it is buying CNH & Bulk, of Sweden, for £21.4m. Babcock also announced two share placings involving 66.3m shares at 50p each to cover the purchase and raise £9.5m for bonding requirements. The placings, arranged by Babcock's broker Panmure Gordon, were heavily oversubscribed.

Dark clouds continued around British Aerospace, sending the shares to a new low of 263p. This time, the worries centre on the balance sheet and on problems over aircraft leasing. However, bargain hunters lifted the shares and they closed only 2 down at 288p on turnover of 3m.

Currency risk for Tate & Lyle, combined with trading difficulties in the US, led to widespread forecast downgrades which prompted the shares to fall 14 to 413p. Smith New Court cut its forecast for the sugar producer to £242m from £249m, while James Capel reduced its estimate by £5m to £240m.

Financial constraints are likely to lead to a dividend cut and a sharp fall in the share price of stores group Burton, according to Credit Lyonnais Laing. It was suggested that the market is looking for a dividend in the range of 1.5p to 2.7p for the current financial year and 2p to 2.7p for the year to August 1993.

Laing's profits forecast is £5m for 1992 and £15m for 1993 and it believes the dividend for both years may be cut to 1p from 2.7p for reasons of financial prudence. The broker thinks this could lead to a share price of 22p. The stock lost ½ to 35½p yesterday.

Bid speculation pushed Fisons ahead 15 to 388p. Some analysts said the shares were firmer on rumours that both ICI (off 2 at 1287p) and Hanson were possible bidders. The talk was that each was holding a 3 per cent stake in Fisons. Other names mentioned recently include Medeva, Merck and Astra.

Reuters Holdings gained 11 to 1115p as Hoare Govett, the company's broker, strengthened its stance on the stock from "undervalued" to "buy". Hoare was said to be poised to raise its 1992 profits forecast by at least £15m from its current £365m. Also, US investment house, Goldman Sachs raised its profit estimate ahead of a presentation by Reuters to US analysts yesterday afternoon.

Tightly-traded Wellcome opened weaker in reaction to a US medical press article that said early treatment with its drug AZT, or Retrovir, does not help Aids virus sufferers to live longer. However, the shares rallied later, with marketmakers pointing to "bear closing", and finished a net 14 up at 1117p.

SmithKline Beecham eased 2 to 955p. Nomura lowered its 1992 profits estimate by £40m to £1.17bn and recommended short-term profit-taking.

Chemicals group BOC retreated 15 to 631p, reflecting profit-taking following its results meeting.

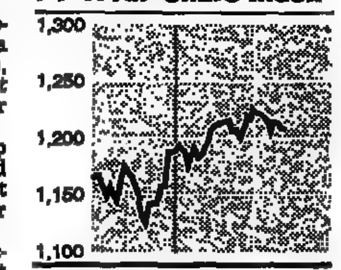
Electronics and entertainment group Thorn EMI was further undermined by speculation that it could be dragged into a bidding war for Virgin Records, the music division of Virgin Group. The shares weakened 15 to 810p on busy turnover of 2.4m. Rank Organisation climbed 11 to 693p as dealers again reported switching into the leisure group.

Granada Group gained on optimism over BSkyB, in which it is a shareholder, following positive results from News Corp, BSkyB's main stakeholder. A series of recent meetings, held by Granada chief executive Mr Gerry Robinson for analysts, have also helped sentiment. The shares added 7 at 232p.

MARKET REPORTERS:
Christopher Price, Peter John, Colin Millham, Joel Kibazo, Steve Thompson.

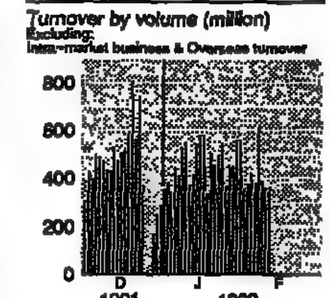
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 20.

FT–A All–Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (192).

BRITISH FUNDS (30) Tr. 2pc I-L 1992, Funding 6pc 1993, Ex. 9¾pc 1998, Tr. 9¾pc 1995-98, Ex. 12pc 1998, Tr. 9¾pc 1999, Ex. 12¼pc 1999, Tr. 10½pc 1999, Conv. 10¼pc 1999, Conv. 9pc 2000, Tr. 13pc 2000, Tr. 10pc 2001, Tr. 9¾pc 2002, Do. "C", Tr. 10pc 2003, Tr. 11½pc 2001-04, Conv. 9½pc 2004, Do. "A", Conv. 9½pc 2005, Tr. 12½pc 2003-05, Tr. 8pc 2002-06, Tr. 8½pc 2007, Tr. 13½pc 2004-08, Tr. 9pc 2012, Tr. 5½pc 2008-12, Tr. 3pc 1990 Aft., Consols 2½pc, Tr. 2½pc, Tr. 2pc I-L 1994, Tr. 2pc I-L 1996, OTHER FIXED INTEREST (3) Asian Dev. 10¼pc 2009, Hydro Quebec 15pc 2011, Inter-Amer. Dev. 9½pc 2015, AMERICANS (4) Honeywell, Ingersoll-Rand, Lowe's, Whirlpool, BANKS (1) Standard Chartered, BREWERS & DISTILLERS (3) Foster's Brewing, Young A, Do. Non-Vtg., BUILDING MATERIALS (2) Epwin, Neodiar, BUSINESS SERVICES (5) Harbour Indsr, Hogg Robinson, Sherwood Computer, CHEMICALS (1) BOC, ELECTRICALS (2) Manvier-Swain, Motorola, ELECTRONICS (2) Hewlett-Packard, MTL Instruments, ENGINEERING GENERAL (3) Polymark, Powerscreen, FOOD MANUFACTURING (4) Cadbury Schweppes, Clarke, Dalepak, Unilever, FOOD RETAILING (1) Park, HEALTH & HOUSEHOLD (2) Paterson Zochonis A N/V, UniChem, HOTELS & LEISURE (4) Boosey & Hawkes, Granada, Do. 7½p Pf., Tottenham Hotspur, INVESTMENT TRUSTS (9) Drayton Blue Chip Zero Pf., Drayton Recovery Ptd Growth, Gartmore Scot. Zero Div. Pf., Genesis Emerging Mkts., Kleinwort High Inc. Zero Div. Pf., Latin Amer. Extra Yield, Do. Warrants, Leveraged Opportunity Tst., Sphere Zero Div. Pf., MEDIA (8) Abbott Mead V., Central ITV, Grampian TV A, Headline Book, News Corp., News Intl. Spec. Div., Scottish TV, Trinity, MISCELLANEOUS (2) Aumasst, Fil. Pielgrimes, MOTORS (1) Kwik-Fit, OIL & GAS (1) Evergreen Res., OTHER FINANCIAL (3) Baring Puma, S & U Stores, Secure Tst., PACKAGING, PAPER & PRINTING (2) Bowmore, CMB Pckg., PROPERTY (1) CMW, STORES (1) Betterware Cons. Prods., TELEPHONE NETWORKS (3) Securicor, Do. A N/V, Security Srvs., TEXTILES (1) Campari, TRANSPORT (3) Brit. Airways, TNT, MINES (3) Forsayth, Greslie Cons., MIM.

NEW LOWS (48).

CANADIANS (1) Granges, BREWERS & DISTILLERS (1) Macallan-Glenlivet, BUSINESS SERVICES (1) AFP, CHEMICALS (2) Harlons, Sutcliffe Speakman, CONGLOMERATES (3) Gleves, Porter Chadburn, Tesco, CONTRACTING & CONSTRUCTION (2) Crest Nicholson, Graham Wood, ELECTRONICS (3) Forward Tech., Harland Simon, Gemsa, ENGINEERING AEROSPACE (2) Brit. Aerospace, Westland, ENGINEERING GENERAL (8) Dyson (J.) & J., Jones & Shipman, Ransomes 8¼p Pf., Severnfinch, WB Inds., HOTELS & LEISURE (1) Sumleigh, INSURANCE BROKERS (2) Archer (A.J.), Sturge, INSURANCE COMPOSITE (1) General Accident, INVESTMENT TRUSTS (8) City of Oxford Inc., Gartmore Value Invs., Geared Inc. Inv., M & G Inc. Cap., River & Merc. Extra Inc. Warrants, River Plate, MISCELLANEOUS (4) Cresta, Hewtel Whiting, Novalal, RPS, OIL & GAS (5) Aviva Petm., Brit. Borneo, Cairn Energy, Globe Petm., Triton Europe, OTHER FINANCIAL (2) Burlington, Nall, Home Ln. 7½pc Pf., PROPERTY (4) Asda Prop., Derwent Valley, Hammerson A, MEPC, STORES (1) Mallett, TEXTILES (1) Alex Wavenser, MINES (2) Caledonia Mining, Young Group.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	778	413	+23
ASDA Group	6,300	39	
Abbey National	1,000	289	
Albert Fisher	915	65	
Allied-Lyons	1,600	620	-2
Amstrad	1,600	35	+½
Anglian Water	1,000	395	
Argos	181	267	
Argyll Group	1,200	315	+1
Arjo Wiggins	1,800	248	-9
Ass. Brit. Foods	87	455	
BAA	1,500	581	-7
BAT Inds.	1,000	842	+5
BET	491	183	+3
BICC	694	327	+3
BOC	3,300	631	-15
BPB Inds.	3,800	144	+5
BTR	5,000	389	-6
Bank of Scotland	188	108½	-½
Barclays	2,000	392	+2
Bass	2,100	919	+4
Berisford Intl.	3,000	22½	
Blue Circle	491	267	-5
Booker	734	489	
Boots	1,400	451	+2
Bowater	367	744	-2
Brit. Aerospace	3,000	288	-2
British Airways	1,500	256	+2
British Gas	2,100	228	-½
British Land	27	348	-1
BP	40,000	274	-10
British Steel	5,400	75	-½
British Telecom	2,200	335	+4½
Br. Telecom New	7,700	123¾	+3
Bunzl	912	[illegible]	-1
Burmah Castrol	119	[illegible]	+2
Burton	5,800	35½	-½
Cable & Wire.	999	682	+3
Cadbury Schweppes	1,600	449	+3
Calor Group	228	184	-4
Carlton Comms.	617	694	+4
Coats Viyella	1,700	189	-3
Comm. Union	1,700	437	+4
Cookson	853	114	
Courtaulds	349	515	-1
Dalgety	181	366	-2
De La Rue	33	534	+3
Dixons	1,100	233	+1
ECC Group	342	489	
Eastern Elect.	371	242	
East Midland Elect.	2,100	283	+3
Enterprise Oil	1,200	419	-4
Eurotunnel Units	944	469	+13
FKI	707	69½	+1½
Ferranti	2,100	8	+1
Fisons	3,500	381	+17
Forte	2,100	222	-2
Gen. Accident	1,100	412	-2
General Elect.	3,900	208½	+2½
Glaxo	2,700	808	+3½
Glynwed Int.	220	204	-4
Granada	2,900	232	+7
Grand Met.	1,200	933	+6
GUS A	285	1407	+9
GRE	2,400	130	-1
GKN	189	315	-5
Guinness	1,400	577½	-1½
Hammerson 'A'	72	445	-2
Hanson	24,000	197¾	-2
Hanson Warrants	4,300	17½	-1¼
Harrisons Crosfield	1,000	109	-1
Hawker Sidd.	1	785	
Hillsdown	1,200	189	-1
IMI	135	236	-4
ICI	1,100	1282	-2
Inchcape	435	490	+1
Kingfisher	434	515	+1
Ladbroke	3,900	221	+2
Land Securities	408	458	+1
Laporte	68	602	
Legal & General	1,200	381	+1
Lloyds Abbey	420	393	+5
Lloyds Bank	2,500	384	+5
LASMO	1,800	238	-4
London Elect.	407	271	+1
Lonrho	2,800	128	-2
Lucas	1,500	116	
MB Caradon	1,100	284	+3
MEPC	203	365	-1
Manweb	174	315	-3
Marks & Spencer	2,100	313	+1½
Midland Bank	2,000	229	
Midlands Elect.	500	278	+2
NFC	610	239	-1
NatWest Bank	1,100	288	+1
National Power	3,900	214	-5½
Next	1,200	68½	-½
North West Water	1,800	396	+1
Northern Elect.	316	278	-2
Northern Foods	580	580	
Norweb	381	302	-2
Pearson	171	770	+1
P & O	1,800	581	-7
Pilkington	649	123	-1
PowerGen	787	220	-7
Prudential	3,100	231	+3
RHM	3,000	230	-6
RMC	172	680	-7
RTZ	980	632	-1
Racal	3,200	53½	+1½
Rank Org.	580	693	+11
Reckitt & Colman	396	682	-2
Redland	440	471	+7
Reed Intl.	275	529	-1
Rentokil	449	285	-1
Reuters	1,200	1115	+11
Rolls Royce	2,800	140	-1
Rothmans	330	1085	-11
Ryl Bk Scotland	1,800	189	+3
Royal Insurance	1,900	276	+7
Saatchi	7,600	13½	
Sainsbury	1,700	372	-3
Scottish & New	685	432	
Scot. Hydro-Elect.	1,600	162	-1
Scottish Power	2,800	98½	-1
Sears	1,800	100	+½
Sedgwick	302	207	-5
Seeboard	488	270	
Severn Trent Water	2,800	249	+5
Shell Transport	8,800	478	+4
Siebe	156	558	+4
Slough Ests	415	222	-1
Smith (W.H.) A	448	450	
Smith & Nephew	2,980	146	-½
SmKl Beecham	465	955	-2
SmKl Beecham Uts	31	[illegible]	-20
Smiths Inds.	1,000	361	-3
Southern Elect.	466	273	+1
South Wales Elect.	11	311	-½
South West Water	579	348	+1
South West. Elect.	665	285	+3
Southern Water	1,700	335	
Standard Chartd.	605	400	+4
Storehouse	1,300	108	
Sun Alliance	1,600	273	+2
T&N	754	169	-1
TI Group	479	671	-4
TSB	1,100	122	-3
Tarmac	1,100	119	-½
Tate & Lyle	6,100	413	-14
Taylor Woodrow	318	[illegible]	+1
Tesco	3,200	247	
Thames Water	2,700	367	-1
Thorn EMI	2,400	810	-15
Tomkins	573	436	
Trafalgar House	1,200	126	-3
Ultramar	8	285	-3
Unigate	562	278	-1
Unilever	742	822	+4
United Biscuits	687	401	+2
Utd Newspapers	140	393	
Vodafone	2,400	361	-4
Warburg (SG)	477	581	+8
Wellcome	1,000	1117	+14
Welsh Water	476	385	
Wessex Water	380	414	-1
Whitbread 'A'	748	436	-4
Williams Hldgs.	1,000	316	
Willis Corroon	501	242	+3
Wimpey	3,200	110	
Yorkshire Elect.	284	317	
Yorkshire Water	851	367	+2

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

WORRIES over the economy continued to drive futures lower in spite of a squeeze seen early in the session, writes Joel Kibazo.

Having opened at 2,538, the March contract's rise was strengthened as independent traders, taking their cue from the good overnight performance on Wall Street, moved to fill short positions.

That advance only lasted until mid-morning, when a more downbeat mood returned. The release of worse than anticipated UK jobless figures caused further weakness, as did the Wall Street early decline.

March closed at 2,535, down 4 on the previous session and around 5 points above its estimated fair value premium to cash of about 10. Turnover, at 4,880 contracts, was again poor. The dealers reported increased activity in March in after-hours' trading as the underlying cash market recovered from earlier lows.

Traded options business was dull, with turnover of 21,207 contracts enlivened by two features. There was good two-way business in Hanson, which announced reduced first-quarter profits. It traded 4,168 contracts, with the May 200 calls and May 200 puts particularly busy. BP, which also reported poor figures, traded 1,061 lots.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
2pc IL 1992‡‡		[illegible]	—	[illegible]	125⅞	1.56	7.97
8pc 1992 ‡‡		[illegible]	—	[illegible]	[illegible]	[illegible]	10.02
10½pc Cv 1992‡‡		[illegible]	—	[illegible]	[illegible]	10.46	10.13
3pc 1992		[illegible]	—	[illegible]	91⅛	[illegible]	[illegible]
Exch 12¼pc 1992		101¼xd	—	[illegible]	100⅛	12.10	[illegible]
13½pc 1992		[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Treas 8¾pc 1993		[illegible]	—	[illegible]	94	[illegible]	[illegible]
10pc 1993‡‡		[illegible]	—	[illegible]	97⅛	[illegible]	[illegible]
12½pc 1993‡‡		[illegible]	—	[illegible]	102⅛	12.[illegible]	[illegible]
Funding 6pc 1993‡‡		[illegible]	+⅛	[illegible]	[illegible]	[illegible]	[illegible]
Treas 13¼pc 1993‡‡		[illegible]	—	[illegible]	103⅞	[illegible]	[illegible]
8½pc 1994		[illegible]	—	[illegible]	92⅛	[illegible]	[illegible]
14½pc 1994‡‡		[illegible]	—	111⅛	106⅞	12.[illegible]	[illegible]
Exch 13½pc 1994		[illegible]	—	[illegible]	105⅞	[illegible]	[illegible]
Treas. 10pc Ln. 1994‡‡		[illegible]	—	101⅞	[illegible]	[illegible]	[illegible]
Exch 12½pc 1994		[illegible]	—	107⅛	103⅞	11.7[illegible]	[illegible]
Treas 9pc 1994‡‡		[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
12pc 1995		[illegible]	—	[illegible]	102⅛	11.[illegible]	[illegible]
Exch 3pc Gas 90-95		[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
10¼pc 1995		[illegible]	—	102⅛	[illegible]	[illegible]	[illegible]
Treas 12¾pc 1995‡‡		[illegible]	—	110⅛	105⅞	11.[illegible]	[illegible]
14pc 1996		[illegible]	—	114⅞	[illegible]	[illegible]	[illegible]
9pc 1992-96‡‡		[illegible]	—	[illegible]	[illegible]	9.[illegible]	[illegible]
15¼pc 1996‡‡		119	—	119⅛	115⅛	12.[illegible]	9.[illegible]
Exch 13¼pc 1996‡‡		112⅛	—	112⅛	108	11.78	9.60
Conversion 10pc 1996		[illegible]	—	[illegible]	[illegible]	9.79	9.40
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		114	—	114⅛	109⅛	11.[illegible]	9.81
Exch 10½pc 1997		104⅝xd	+⅛	104⅞	97¼	10.[illegible]	9.39
Treas 8¾pc 1997‡‡		97⅛xd	—	97⅛	[illegible]	8.97	9.31
Exch 15pc 1997		122¾	+⅛	122⅞	117	12.22	9.71
9¾pc 1998		101⅝	+⅛	101⅝	93⅞	9.[illegible]	9.36
Treas 6¾pc 1995-98‡‡		[illegible]	+⅛	[illegible]	80⅞	7.[illegible]	8.92
15½pc '98‡‡		129⅞	+⅛	129⅞	121⅛	12.[illegible]	9.62
Exch 12pc 1998		112⅛	—	112¼	104⅞	10.[illegible]	9.50

BRITISH FUNDS - Cont.

	Notes	Price £	+or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Treas 9½pc 1999‡‡		101⅝	—	[illegible]	[illegible]	9.37	9.32
Exch 12¼pc 1999		119⅞	+⅛	113[illegible]	108[illegible]	10.78	9.62
Treas 10½pc 1999		[illegible]	+⅛	[illegible]	97⅛	[illegible]	9.39
Conversion 10¼pc 1999		[illegible]	+⅛	[illegible]	[illegible]	[illegible]	9.40
9pc 2000‡‡		[illegible]	+⅛	[illegible]	[illegible]	9.12	9.24
Undated							
Consols 4pc		[illegible]	+⅛	[illegible]	[illegible]	9.48	—
War Loan 3½pc‡‡		[illegible]	+⅛	[illegible]	[illegible]	[illegible]	—
Conv 3½pc '61 Aft.		[illegible]	+⅛	[illegible]	[illegible]	8.71	—
Treas. 3pc '66 Aft.		[illegible]	+⅛	[illegible]	[illegible]	[illegible]	—
Consols 2½pc		[illegible]	+⅛	[illegible]	[illegible]	[illegible]	—
Treas. 2½pc		[illegible]	+⅛	[illegible]	[illegible]	9.40	—

BRITISH FUNDS - Cont.

	Notes	Price £	+or -	1991/92 high	1991/92 low	Yield (1)	Yield (2)
Index-Linked	(b)						
Treas. 2pc '94	(102.9)	[illegible]	+⅛	[illegible]	115⅛	2.46	3.60
2pc '96	(67.9)	[illegible]	+⅛	[illegible]	[illegible]	[illegible]	[illegible]
2½pc '01	(78.3)	[illegible]	—	[illegible]	137⅛	[illegible]	4.17

OTHER FIXED INTEREST

	Notes	Price £	+or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Hydro Quebec 15pc 2011		[illegible]	+⅛	[illegible]	[illegible]	[illegible]	10.49
Int-Am Dev 12½pc 2003		[illegible]	—	[illegible]	[illegible]	[illegible]	9.77
9¾pc 2015		[illegible]	+⅛	[illegible]	[illegible]	[illegible]	[illegible]
Leeds 13½pc 2006		[illegible]	+⅛	[illegible]	[illegible]	[illegible]	10.[illegible]
Liverpool 3½pc Irred.		[illegible]	—	[illegible]	[illegible]	[illegible]	—
LCC 3pc '20 Aft.		[illegible]	—	[illegible]	[illegible]	11.11	—
Manchester 11½pc 2007		[illegible]	—	[illegible]	[illegible]	[illegible]	10.55
Met. Wtr. 3pc 'B'		[illegible]	+⅛	[illegible]	[illegible]	8.77	9.78
N'wide Anglia 3⅞pc 2021		[illegible]	—	[illegible]	102	—	5.49
4¼pc IL 2024		[illegible]	+⅛	[illegible]	104	—	5.16
Utd Mex States 16½pc 2008		128	—	[illegible]	101	12.[illegible]	12.[illegible]

APPOINTMENTS

Shell follows tradition

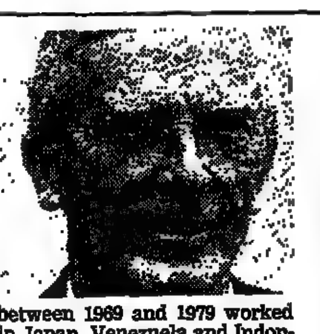
Sir Peter Holmes, chairman of Shell Transport and Trading, is to succeed Lo van Wachem as chairman of the committee of managing directors of Royal Dutch/Shell, the world's second biggest oil group.

Sir Peter has been vice-chairman of the committee since 1985, and his appointment to the most senior executive position follows the group's tradition of picking its senior executive alternately from its Dutch and British companies.

However, since Sir Peter will be 60 later this year, his tenure at the top will be much shorter than in the case of van Wachem who will have been chairman for seven years when he steps down on June 30. Cornelius Herkströter, 55, will succeed van Wachem as president of Royal Dutch Petroleum, and will also become vice-chairman of the committee of group managing directors, making him Sir Peter's heir apparent.

On his retirement, van Wachem will become chairman of the supervisory board of Royal Dutch Petroleum. The British and Dutch arms of Royal Dutch/Shell each provide three group managing directors and van Wachem will be replaced on the joint committee by Martin van den Bergh, 50, who also becomes a managing director of Royal Dutch Petroleum from July 1 1992.

An economics graduate, van den Bergh joined Shell International Petroleum in London in 1968 as a finance trainee and



between 1969 and 1979 worked in Japan, Venezuela and Indonesia. Since 1989 he has been based in London as regional co-ordinator Western Hemisphere and Africa and a director of Shell International. He will be the youngest group managing director on the joint committee. Mark Moody-Stuart, the most recent British addition to the committee, is 52.

■ Guy Walker, chairman of Van den Berghs & Jurgens, is also appointed chairman of MATTESSONS WALL'S; he succeeds Jeff Fraser, who becomes chairman of UNILEVER Australasia.

■ THAMES WATER has appointed George Wall contracts director of PWT Projects.

■ McVITIE'S has appointed Hartwig Conzelmann md for southern and central Europe based in Frankfurt.

■ John Newman is promoted to group commercial director of SHANKS & McEWAN; David Wheeler succeeds him as md of Shanks & McEwan (Waste Services). Michael Averill, business development director for Rechem, is promoted to succeed Wheeler as Rechem md. Les Baker, Rechem's technical director, is appointed director, government and legislative affairs for the group. Paul Kaye, finance director of Rechem, is appointed finance director of Shanks & McEwan (Waste Services) and Gavin Gracie takes his place. Andrew Ryan is appointed director of business development of Waste Services' southern division.

■ David Bell has been appointed advertisement and marketing director of the FINANCIAL TIMES.

■ Barry Collins is appointed commercial director UK of the power transmission and distribution division of GEC ALSTHOM.

■ Robert Rider is appointed md of MASTERDRIVE, part of Lonrho.

Supply and demand

Andrew Bogle has joined British Gas as head of supply and demand management, from Cookson, the industrial materials group, where he was strategic planning manager.

Bogle's role of monitoring short-term gas supply and planning for the longer term is even more pressing in today's climate of tight gas supplies. British Gas recently warned of severe shortages by 1994, although the government's decision last month to allow gas imports could alleviate that problem.

Severnside's superstores

South Western Electricity (SWEB), which is spanning the river Severn in a new retailing venture with South Wales Electricity, has assembled the team to head SWEB Retail from April. All four are from South Western, reflecting its 80 per cent share in the operation.

Managing director is 53 year old Welshman Randoll Meadows who, as trading director, has already been in charge of retailing at SWEB. Richard Quinton, 43, formerly finance director of Gateway Foodmarkets, who joined SWEB late last year as financial controller of the trading division, is the new finance director.

Promoted to marketing director is John Herzberg, 38, who had been director of marketing planning with Comet, before moving just over a year ago to SWEB.

Malcolm Jarvis, 52, the new sales operations director, has been on the retailing side of SWEB for the past ten years and was closely involved in establishing the first superstore of a regional electricity company; one of SWEB Retail's priorities will be to increase its network of ten superstores.

Advertisement of creditors' meeting under Section 48(2) of the Insolvency Act 1986

Company No.
719240 GL JAMES LIMITED
2062716 APEX STRUCTURAL LIMITED
2471616 PROJECT JOINERY LIMITED
1191943 MERLIN PLANT LIMITED
All registered in England and Wales

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named companies will be held at: The Calverly Hotel, Crescent Road, Tunbridge Wells, on 27 February 1992 at 11.00am for the purpose of having laid before it a copy of the report prepared by the Administrative Receiver under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:
(a) they have delivered to me at the address shown below, no later than noon on 26 February 1992, written details of the debts they claim to be due to them from the company and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and
(b) there has been lodged with me any proxy which the creditor intends to be used on his or her behalf.
Please note that the original proxy signed by or on behalf of the creditors must be lodged at the address mentioned: photocopies (including faxed copies) are not acceptable. Signed: N J Vooght Joint Administrative Receiver. Dated: 12.2.92. Cork Gully, 42 Dingwall Road, Croydon, Surrey, CR0 2NE.

LEGAL NOTICES

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		36¼xd	+3/16	36⅝	20⅞	15,563	1.6
♥Allegheny & W		322p	-5	386p	218p	167.9	5.2
Amdahl		1060pxd	+41	1071p	667p	1,166	0.6
Amer Cyanamid		39¾	+⅜	42½	25¾	3,147	2.5
Amer Express		12¼xd	+3/16	17⅞	9 11/16	5,762	4.8
Amer T & T		21¼xd	+3/16	24½	15¼	27,593	3.5
Ameritech		34¾	+⅛	38¾	32½	15,214	5.5
BankAmerica		22⅞xd	+⅝	28 5/16	12 3/16	4,973	3.2
Bankers NY		34 15/16xd	+11/16	38 3/16	20 3/16	2,871	7.8
Bell Atlantic		26¼xd	-¼	30½	24¼	9,938	5.8
BellSouth		27¾	+⅛	31¼	25	13,217	5.7
♥Bethlehem Steel		7⅞xd	+⅝	11¾	6 5/16	680.2	—
Bowater		1061p	-8	1880p	1042p	465.9	5.0
CPC		45⅞xd	—	54 11/16	37 11/16	3,487	2.7
California Engy		676p	+17	930p	420p	123.1	—
Campbell Soup	h	22⅞	+½	25	14⅛	6,624	1.8
Chase Manhattan		13⅛xd	+5/16	13⅛	6 3/16	1,784	5.1
Chrysler		8 3/16xd	-3/16	9 3/16	5⅛	2,419	4.0
Citicorp		8 13/16xd	—	10⅝	4⅝	3,076	—
Colgate-Palm		28⅝xd	-¼	27⅞	21 3/16	3,695	2.3
Cont'l Bank		624p	+7	828p	438p	632.7	6.5
Dana		18¾xd	+1	21⅝	13⅝	770.7	4.8
Data General		642p	+6	1202p	203p	177.2	—
Dial		27⅞xd	+¼	27⅞	12⅞	1,108	2.6
Dun & Brad		31½	+¼	31⅝	20¾	5,576	3.9
Eaton		36⅞	-⅛	48	24¼	1,306	3.2
Echlin		8⅞xd	+¼	9 13/16	5½	489.6	4.5
FPL		18 7/16xd	+½	20⅛	14 7/16	3,294	7.0

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING AEROSPACE

ENGINEERING GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1991/92 high	1991/92 low	Yld Gr's	NAV	Dis or Pm(-)
Scot National Inc.		100½	-½	116	87	12.8	–	–
Cap		31		68	31			
Stepped Pf		103	–			–	21.6	-29.8
Zero Div Pf		172	-½	133	113	6.6	–	–
Warrants		[illegible]	–	172½	141	–	–	–
Scot Value	a	56	–	19	8	–	–	–
Sec Alliance		1107	+6	55	40¼	2.0	58.5	2.7
Second Market	s	222	–	1255	882	3.9	1351.4	12.1
Sec Tst Scot	†	69½	–	230	199	[illegible]	[illegible]	14.2
Select Assets		100	–	76	57½	6.8	71.9	4.7
Eq Ind Serl		113	–	102	71	1.2	136.1	26.0
Eq Ind Serll		113	–	121	89	5.1	–	–
Shires	†	222	-1	121	89	5.1	–	–
11pc Cv Ln '03/04		£107½	-1	269	191	10.7	223.9	0.9
Siam Select		89		£120½	£97½	10.2	–	–
Warrants		19	–	99	76	1.5	102.5	13.2
Smaller Cos		71	–	31	19	–	–	–
Warrants		13	–	83	60	1.3	84.8	16.1
Sphere Inc		17	–	25	8	–	–	–
Zero Div Pf		60½	+½	33	17	–	23.9	29.3
Warrants		0¾	–	60½	58¼	–	–	–
Strata		150	–	9½	0¾	–	–	–
Stratton		156	–	158	104	1.2	186.9	15.5
Sumit	‡	61	+1	180	120	1.8	186.2	16.1
TR City of Lon		107½	+½	119	50	‡	109.9	53.8
TR Euro Growth	a	87	–	121¼	90	6.7	111.1	3.3
Ptg Sub	s	59	–	104	78	1.8	96.5	9.8
TR Far East Inc		89	[illegible]	58	40	2.6	–	–
Warrants		16	–	94	56	8.4	99.8	11.9
TR High Inc	H	[illegible]		23	12	–	–	–

MERCHANT BANKS - Cont.

	Notes	Price	+ or -
N/V	†	642	[illegible]
Singer & Fried		48	–
Warburg (SG)	†	581	[illegible]
6pc Cv Pf		198	[illegible]
Wintrust		233	–

METALS & METAL FORMING

	Notes	Price	+ or -
ASW	†	143	–
Apollo Metals		137	–
Ash & Lacy		148	–
Barrett (H)		34	–
Billam (J)		36	–
Boatway		16½	–
Brit Steel		78	-½
Bromsgrove	¶	129	–
BCI		34	–
Castings	†	128	–
Chamber & Hill		96	–
Clayhithe		46	–
8½pc Cv 2000		104½	–
Cohen (A)		375	–
Cook (Wm)	†	225	–
Cooper (F)		61	–
Cronite		92	–
Downiebrae	‡	39	–

MISCELLANEOUS

MEDIA

MERCHANT BANKS

MOTORS

OIL & GAS - Cont.

OIL & GAS

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING - Cont.

PACKAGING, PAPER & PRINTING

PROPERTY

STORES - Cont.

STORES

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H

80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
High Income						
Gilts & Fixed Int.	6	119.8	119.8	127.1	+0.3	[illegible]
High Inc Equity	6	[illegible]	[illegible]	[illegible]	-	[illegible]
Worldwide Bond	6	217.3	217.3	230.6	-	[illegible]
Capital Growth						
American Growth	6	210.8	210.8	223.4	[illegible]	[illegible]
Asian Pacific	6	[illegible]	[illegible]	145.3	+0.1	[illegible]
Assets & Earnings	6	180.9	[illegible]	193.4	-0.3	[illegible]
Capital Reserve Acc	6	112.7	112.7	112.9	...	7.46
Capital Reserve Inc	6	[illegible]	[illegible]	[illegible]	[illegible]	7.46
Commodity & Energy	6	[illegible]	[illegible]	72.72	[illegible]	1.40
1992 Enterprise	6	66.15	66.15	70.74	[illegible]	[illegible]
Euro Capital Acc	6	[illegible]	[illegible]	[illegible]	[illegible]	1.10
Euro Capital Inc	6	84.74	84.74	[illegible]	[illegible]	1.10
General	6	166.1	166.1	177.6	-0.2	[illegible]
Japan	6	87.40	87.40	93.47	[illegible]	-
Munterbrun	6	89.43	89.43	[illegible]	[illegible]	2.49
UK Growth Acc	6	167.7	175.3	[illegible]	+0.1	2.46
UK Growth Dist	6	[illegible]	111.3	118.4	[illegible]	2.46
US Emerging Cos	6	[illegible]	[illegible]	93.63	[illegible]	-
Income & Growth	6	[illegible]	[illegible]	310.4	-0.4	[illegible]
Ethical	6	[illegible]	[illegible]	[illegible]	-0.04	2.94
International	6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dividend & Growth	6	[illegible]	[illegible]	[illegible]	[illegible]	6.01
Global Gwth & Inc	6	53.10	53.39	56.79	-0.12	2.75

Aberforth Unit Trust Managers Ltd (1600)F

14 Chester St, Edinburgh EH3 7RA 031 220 0733

Britannia Life Unit Managers Ltd (1200)F

190 West George St, Glasgow G2 2PA 041-332 3132

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
Balanced Growth	6	77.42	77.94	[illegible]	[illegible]	[illegible]
Do (Accum)	6	82.97	83.47	89.27	[illegible]	[illegible]
Service Cos	6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Do (Accum)	6	68.85	68.85	72.64	-0.20	[illegible]
Income Growth	6	39.63	39.63	[illegible]	[illegible]	5.70
Do (Accum)	6	57.07	57.97	[illegible]	[illegible]	5.70
Higher Yield	6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Do (Accum)	6	40.64	40.64	43.46	[illegible]	[illegible]
American Gth Inc	6	40.16	40.16	42.95	+0.54	[illegible]
Do (Accum)	6	40.96	40.96	43.81	[illegible]	[illegible]
European Growth	6	25.35	25.35	27.12	[illegible]	1.74
Do (Accum)	6	25.86	25.86	27.67	[illegible]	1.74
Global Bond Inc	6	23.07	23.11	24.72	...	[illegible]
Do (Accum)	6	27.37	27.43	29.33	...	[illegible]
Managed Portfolio Inc	6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(Do Accum)	6	26.35	[illegible]	[illegible]	[illegible]	[illegible]

Brown Shipley & Co Ltd (1000)F

9-17 Perrymount Rd, Haywards Hth 0444 412262

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE:

OFFER PRICE:

BID PRICE:

CANCELLATION PRICE:

TIME: ... The symbols are as follows: (♥) - 0001 to 1100 hours (♦) - 1101 to 1400 hours (♣) - 1401 to 1700 hours (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation ...

HISTORIC PRICING:

FORWARD PRICING:

SCHEME PARTICULARS AND REPORTS:

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth 0202 298422						
Cash	1	50.51	50.51	51.01	+0.01	10.1
Courtld Prfmnce	5½	48.42	48.72xd	51.97	+0.02	8.99
Ethical	5½	48.11	49.11	52.24	-0.20	4.90
European Growth	5½	47.80	48.09	52.30	-0.07	3.1
Income	5½	45.30	45.81	48.86	+0.06	8.04
Intl Growth	5½	66.58	66.70	71.15	+0.11	2.99
Managed	5½	58.39	58.73	62.65	+0.16	4.47
UK Growth	5½	48.67	49.28xd	52.57	+0.07	5.98
Standard Chartered Equitor (1200)F						
69 Old Broad Street, EC2M 1QS 071-280 6521						
Mngd Exempt Acc	3	195.3	197.2xd	209.4	-0.1	3.06
Do Income	3	182.7	184.6xd	192.2	-0.1	3.06
Standard Life Tst Mgmt Ltd (0629)H						
3 George St, Edinburgh EH2 2XZ 0800 393777						
Managed Acc	5½	36.17	36.17	38.44		2.36
UK Equity Gth Acc	5½	49.30	50.20	53.34	-0.2	1.92
UK Eq High Inc Inc	5½	28.34	28.97	30.79	-0.2	6.40
UK Eq High Inc Acc	5½	31.87	32.58	34.62	-0.2	6.40
UK Equity Gen Acc	5½	45.63	46.33	49.23	-0.3	3.45
UK Equity Gen Inc	5½	35.71	36.25	38.52	-0.2	3.45
UK Larger Cos Acc F	7½	302.3	305.9	332.0	-1.5	4.80
UK Larger Cos Inc F	7½	243.4	246.3	267.3	-1.2	4.80
Gilt & Fxd Int Inc	5½	28.38	28.46	30.10		7.39
O'seas Larg Cos Acc F	7½	212.6	216.2	234.6	+1.0	2.00
Nth American Acc	5½	36.36	36.71	39.01	+0.8	0.69
Far East Acc	5½	39.66	40.68	43.23		0.03
European Acc	5½	34.73	36.06	38.32	-0.1	1.61
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American	5	300.8	300.8	320.8	+3.2	0.71
(Accum Units)	5	354.0	354.0	377.6	+3.8	0.71
British	5	799.2	808.2	855.1	+1.0	6.06
(Accum Units)	5	1306.5	1327.9	1404.9	+1.6	6.06
European	5	331.0	331.0	351.2	+0.8	1.42
(Accum Units)	5	358.8	358.8	380.7	+0.9	1.42
Japan	5	106.9	106.9	113.8	-0.3	-
(Accum Units)	5	107.8	107.8	114.7	-0.3	-
New Pacific	5	188.2	188.2	200.6	+1.1	1.73
(Accum Units)	5	193.3	193.3	206.0	+1.1	1.73
PEP Feb 12	5	148.3	149.7	158.4		3.56
Mngd Equity	5	125.0	126.2	133.5	+0.1	3.01
Mngd Equity Acc	5	132.6	133.9	141.6	+0.1	3.01
Mngd Cash	0	96.26	96.26	96.26	+0.02	10.20
(Accum Units)	0	118.7	118.7	118.7		10.20
Majority Stlg	1	100.28	100.28	101.28	+0.02	10.00
Majority Stlg Acc	1	109.20	109.20	110.29	+0.02	10.00

	Bid Price	Offer Price	+ or -	Yield Gross
Funds in Court*				
Capital Feb 13	498.33	502.03	-	2.81
Gross Feb 13	172.26	173.64	-	11.23
High Yield Feb 13	281.42	283.69	-	7.76
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd	52.97	54.06	+0.05	3.82
INVESCO MIM Management Ltd				
Exempt Funds				
Intl Mngd P'Folio	1172.0	1265.0xd	-	-
Mngd Pens (Acc)	66.3	70.7	-	-
Lazard Brothers & Co. Ltd				
Property Sept 5	£2440.0	2680.0	-	7.00
Inc Gth Prp Jul 31	£1375.0	1460.0	-	8.98
Lazard Investors Ltd ‡‡				
Exempt Funds				
Small Co's Feb 12	£3938.8	4111.6xd	-	3.86
European Feb 12	£576.1	582.5	-	1.81
American Feb 12	£360.9	363.9	-	2.23
Japan Feb 12	£461.5	466.7xd	-	1.39
Pacific Feb 5	£143.1	147	-	1.18
W Midlands Jan 31	£132.00	147.00	-	2.48
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Property Jan 31	196.75	200.75	-	7.93
Equity Jan 31	888.05	895.20	-	3.77
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond Feb 12		104.01xd	+0.1	10.37
(Accum Units)		629.8x	+0.3	10.37
NAACIF Feb 11		40.00xd	-	9.62
Morgan Grenfell Investment Funds Ltd				
Exempt Funds				
UK Equity † Feb 11	127.0	137.0	-	1.90
UK Small Co † Feb 11	518.4	569.5	-	3.51
Fixed Interest † Feb 11	111.7	117.4	-	8.53
US Small Co Feb 11	177.7	190.0	-	1.90
Managed Feb 11	108.3	116.1	-	3.41
Intl Bond Feb 11	121.6	128.3	-	10.00
Japan Feb 11	68.68	73.23	-	4.01
European Feb 11	90.72	97.20	-	1.75

[illegible]

INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

Continued on next page

FT MANAGED FUNDS SERVICE

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Norwich Union Asset Management Ltd

PO Box 140, Norwich NR3 1PP 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	73.2	77.1	+0.1	-
Stock Market Mngd Fund	72.5	76.3	—	-
Equity Fund	80.7	84.9	-0.1	-
International Fund	63.8	67.2	+0.2	-
European Fund	65.3	68.7	+0.1	-
North American Fund	75.0	78.9	+0.6	-
Pacific Fund	69.4	73.0	-0.1	-
Property Fund	77.1	81.2	—	-
Fixed Interest Fund	63.9	67.2	+0.1	-
Index Linked Sec Fund	64.3	67.7	—	-
Deposit Fund	73.3	77.2	—	-
NUAM Retirement Plans				
Mixed Fund	81.5	85.8	-0.1	-
UK Ordinary Share Fd	94.4	99.3	-0.1	-
International Fund	68.1	71.7	-0.4	-
Property Fund	84.6	89.0	—	-
Fixed Interest Fund	79.6	83.8	+0.2	-
Index Linked Sec Fund	68.8	72.5	+0.1	-
Deposit Fund	88.3	92.9	—	-
NUAM (NP)				
Managed Fund	1031.4	1085.7	+0.5	-
Equity Fund	2201.6	2317.5	-2.0	-
International Fund	169.0	177.9	+0.5	-
Property Fund	490.2	516.0	-0.2	-
Fixed Interest Fund	480.2	505.5	+0.9	-
Index Linked Sec Fund	65.7	69.2	—	-
Deposit Fund	302.4	318.4	+0.1	-

Norwich Union Life Insurance Soc.

Surrey Street, Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
Unitised Life				
With Profits Fd	119.66	125.95	+0.09	-
Managed Fd	100.73	106.03	—	-
UK Ord Share Fd	105.22	110.76	-0.14	-
International Fd	93.02	97.91	+0.28	-
European Fd	88.93	93.61	+0.23	-
North American Fd	104.37	109.86	+0.90	-
Pacific Fd	83.06	87.44	-0.05	-
Property Fd	90.21	94.96	-0.08	-
Fixed Int Fd	114.42	120.45	+0.27	-
Intl Bond Fd	111.86	117.75	-0.16	-
Deposit Fd	118.54	124.78	+0.03	-
Unitised Pension				
With Profits Fd	163.14	171.73	+0.05	-
Managed Fd	163.97	172.60	-0.23	-
UK Equity Fd	174.59	183.74	-0.07	-

Providence Capital Life Assc. Co Ltd — Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Broker Funds				
High Performance	75.8	79.9	+0.2	-
Townhill Mngd Fd Acc	38.8	40.9	-0.1	-
YRA Executive Fd	100.0	105.4	+0.2	-
£ Global Growth Acc	132.3	139.5	—	-
£ High Income Money Acc	146.7	154.7	—	-
JM Balanced		54.0	—	-
H F Specialist Fd		132.4	+1.5	-
AAFS Int Man Fund		125.4	-0.2	-
Andrews-Green Inv Port		88.5	+0.4	-
Individual Pension Funds				
UK Equity Acc	238.4	251.5	—	-
UK Fixed Interest Acc	254.4	268.4	—	-
Intl Equities Acc	231.7	244.5	—	-
UK Managed Acc	188.2	198.5	+0.1	-
Property Acc	204.2	215.5	—	-
Money Acc	173.1	182.6	—	-
Special Situations Acc	251.7	265.6	+0.4	-
Japan Equity Acc	145.1	153.1	+1.6	-
North American Acc	140.2	147.9	+2.2	-
Pacific Acc	179.3	189.2	-0.1	-
Technology Acc	191.4	201.9	+4.3	-
Natural Resources Acc	89.2	94.1	+1.0	-
European Acc	116.4	122.8	+0.2	-
Residential Prop Acc	92.3	97.4	—	-
Swiss Equities Acc	33.9	35.8	-0.1	-
Hong Kong Acc	78.7	83.1	+0.6	-
UK High Inc Eq Acc	76.7	81.0	-0.1	-
Intl Fixed Interest Acc	67.1	70.8	—	-
Intl Managed Acc	39.7	42.9	+0.1	-
Group Pension Funds				
Equity Acc	840.1	866.1	+0.1	-
Fixed Interest Acc	756.2	779.6	+0.3	-
Managed Acc	134.5	137.1	+0.1	-

Provident Life Assoc Ltd

Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Gold Range (Pension)				
Discretionary Fund		130.2	-0.2	-
Equity Fund		132.1	-0.6	-
Fixed Interest Fund		150.5	+0.2	-
International Fund		112.6	+0.5	-
Property Fund		141.0	—	-
Index-Linked Fund		139.2	—	-
Deposit Fund		155.6	+0.1	-
S & F Consolidation		144.0	+0.1	-

Provident Mutual Life Assc. Assn.
Prudential Assurance Co
Prudential Corporate Pension Funds
Prudential Individual Life Funds
Prudential Individual Pension Funds
Reliance Mutual
J Rothschild Assurance PLC
Royal Heritage Life Assurance Ltd
Royal Heritage Life Assurance Ltd — Contd.
Royal Life Insurance Ltd
Royal Liver Assurance
Save & Prosper Group
Scottish Amicable
Scottish Equitable Life Assur. Soc.
Scottish Life Investments
Scottish Mutual Assurance plc
Scottish Provident Institution
Scottish Widows' Group
Shield Assurance Ltd
Skandia Life Assurance Co Ltd
Skandia Life Assurance Co Ltd — Contd.
Standard Life Assurance Company
Sun Alliance Group
Sun Life Unit Assurance Ltd
Swiss Life (UK) PLC
Swiss Pioneer Life Plc
TSB Life Ltd
Target Life Assurance Co Ltd
Target Life Assurance Co Ltd — Contd.
Teachers' Assurance
Templeton Life Assurance Limited
Tunbridge Wells Equitable
Wesleyan Assurance Society
Windsor Life Assur Co Ltd
Zurich Life Assurance Co Ltd

OFFSHORE INSURANCES

Albany International Assurance Ltd
Equity & Law Intl Life Assur Co Ltd
Hansard International Ltd
Isle of Man Assurance Ltd
NEL Britannia International Ltd
Royal Life Intl. Ltd
Royal Skandia Life Assurance Ltd
Sun Alliance International Life
Target International Group

MANAGEMENT SERVICES

Roxborough Financial Management Ltd
Sharp (Albert E.) & Co.
Sitrale Fund Managers Limited
South Yorks Financial Planning
Charles Stanley & Co Ltd
Tattersall Investment Mngt. Ltd
Towry Law & Co
J. D. Ward Financial Services Ltd

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)
Fidelity Money Funds

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)
Baring Intl Fd Managers (Guernsey) Ltd
Kleinwort Benson Intl Fd Mgrs Ltd
Lazard Fund Managers (Channel Islands) Ltd
Lloyds Bank Fund Management Ltd
Northern Rings & Partners
R & G (Guernsey) Ltd

Rothschild Asset Management (CI) Ltd
Royal Bank of Canada Funds
Sarasin Funds Mngmt (Guernsey) Ltd
Schroder Investment Mngmt (Guernsey) Ltd

GUERNSEY (REGULATED)
Adams & Neville Fund Mngt (Guernsey) Ltd
Arab Bank Fund Managers (Guernsey) Ltd
Bachmann Global Investment Fund Ltd
Credit Suisse Asset Mngmt (Guernsey) Ltd
Fleet-Compass Fund Managers (Guernsey) Ltd
John Govett Mngmt International Ltd
Hambros Fund Managers (CI) Ltd
Hamlet Throgmorton Mngmt Ltd
Holborn Fund Management (Guernsey) Ltd
Kleinwort Benson Intl Fd Mngrs Ltd
Lazard Fund Managers
Merrill Lynch Guernsey
Nikko Capital Mngt (Europe) Ltd
Schroder Investment Mngmt (Guernsey) Ltd
Stonehenge Fund Mngrs Ltd
U.S. Treasury Securities Fund Ltd
Rudolf Wolff Capital Management (Guernsey) Ltd

IRELAND (SIB RECOGNISED)
GAM Fund Management Ltd
Hibernian Pacific International
Morgan Grenfell Investment Funds Ltd

IRELAND (REGULATED)
Bank of Ireland Unit Managers Ltd
Baring International Fd Mngrs (Ireland) Ltd

For Pioneer Mutual see Swiss Pioneer

For Regency Life Ass see ABB&M Life Ass

For Property Equity & Life see Carlisle Ass Co

For Portland see Atticus Inv Services

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	Bid Price	Offer Price	+ or -	Yield Gross
Baring Mutual Fund Mngmt (Ireland) Ltd				
New Asian Fund	$99.92			0.00
Federated International Funds Plc				
Federated Short-term US Gov't Securities Fund				
Institutional Ser Series*	$1.00			3.79
Investment Series*	$1.00			3.69
Investment Gth Series	$100.23		+0.01	4.13

*Annualised Yield

ISLE OF MAN (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Allied Dunbar Intl Fund Mgrs (1600)F						
9 Lord Street, Douglas, IoM 0624 661551						
ADI Managed(z)	5	[illegible]	0.594	0.6332	[illegible]	1.3
ADI Mgd Currency(z)	5	[illegible]	0.3954	0.4166	[illegible]	5.5
ADI W'wide Eq(z)	5	[illegible]	0.6759	0.7198	[illegible]	2.07
ADI Nth Amer Eq(z)	5	[illegible]	0.8752	0.932	[illegible]	0.01
ADI Far East (z)	5	[illegible]	1.119	[illegible]	[illegible]	[illegible]
[illegible]	5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ADI UK Cap Gth (z)	5	[illegible]	[illegible]	[illegible]	[illegible]	5.44
ADI Europe Eq (z)	5	[illegible]	1.164	[illegible]	[illegible]	[illegible]

= For conversion Prices of Shares Phone 0624 662800

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Asset Global Funds Ltd (1200)						
Victory Hse, Prospect Hill, Douglas, IoM 0624 620097						
European Equity	5	[illegible]	13.629	14.56	(z)	-
UK Gilt	5	[illegible]	10.186	10.72	(z)	-
[illegible] Equity	5	[illegible]	14.306	15.23	(z)	-
International Bond	5	[illegible]	5.2913	5.579	(z)	-
[illegible] Managed	5	[illegible]	.9615	1.0096	(z)	0
European Bond	5	[illegible]	1.0052	1.0580	(z)	-
Sterling Cash Inc	5	[illegible]	.9607	1.0087	(z)	-
International Bond	5	[illegible]	0.8949	0.9461	(z)	-
[illegible]	[illegible]	[illegible]	1.0104	1.0672	(z)	-
[illegible] Fund Managers (IoM)						
[illegible], Douglas, IoM 0624 625599						
[illegible]	[illegible]	[illegible]	[illegible]	0.5124	[illegible]	10.01
[illegible] Portfolio Fund						
UK	5		1.0061	1.0781	[illegible]	-
USA	5		1.0724	1.1364	[illegible]	-
Japan	5		0.5833	0.6158	[illegible]	-
Equity & Law Intl Fund Mngrs Ltd						
Victory Hse, Prospect Hill, Douglas IoM 0624 677877						

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Barclays Intl Funds – Contd.						
Bond Funds						
Sterling Bond		£0.425	0.441			10.6
US Government Income		$100.16	103.72	-0.23		6.7
Asian Selection Funds						
Hong Kong		$15.283	16.087	+0.061		1.0
Indonesia		$8.525	8.974	+0.076		2.5
Korea		$10.126	10.659	-0.097		2.5
Malaysia		$11.108	11.693	-0.005		0.5
Philippines		$12.336	12.985	+0.033		2.5
Singapore		$11.886	12.512	-0.159		1.0
Thailand		$13.541	14.254	+0.004		2.5
South East Asia		$13.064	13.752	-0.002		3.0
US Dollar Liquidity		$9.630	10.112	-0.001		3.4
Cater Allen Investment Management (CI)						
CA Gilt Income		£6.47	6.77			14.77
CA Gilt & Futures		£1.004	1.057	+8.00		7.57
CA Equity Grth.		£3.78	4.12			3.40
Citibank (CI) Ltd "Citifunds"						
Liquidity Funds						
Deutschmark			DM30.649	+0.008		-
Yen			Y3041.016	+0.426		-
Sterling			£12.424	+0.003		-
US Dollar			$18.412	+0.002		-
Managed			$18.610	+0.006		-
Short Term Investment Funds						
Irish £ Feb 13			115.060	+0.190		-
Equity Funds						
Global Equity			$27.513	-0.049		-
Japan Equity Feb 13			$8.850	-0.268		-
European Equity Feb 10			$16.347	+0.123		-
US Em [illegible] Feb 10			$27.524	+0.572		-
US Em Tech Feb 10			$22.473	+1.160		-
Citicare Feb 10			$42.224	+0.880		-
Bond Funds						
Global Bond			$16.507	-0.089		-
GNMA Bond Feb 10		$14.987	14.995	-0.007		-
HYB (A) Feb 10		$859	13.299	[illegible]		-
EBC Trust Company (Jersey) Ltd						
EBC Amro Traded Currency Fund Ltd*						
Income		$15.41	15.882			4.85
Capital		$23.67	24.398			3.90

*Offer price includes 3% prelim. charge

International Income Fund

Eurobd Long Term*	$33.28	34.7449		4.86

* Offer Price includes 3½% Initial Charge

[illegible] International Mngt Ltd

First Aust Prime Inc Inv Co Ltd NAV Feb 6 C$12.32

First Aust Prime Inc Inv Co Ltd NAV Feb 6 US$10.4

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar jumps on US sales data

THE DOLLAR steamed ahead on the foreign exchanges yesterday, using the excuse of better-than-expected retail sales figures for its 1½ pfennig gain on the D-Mark, *writes Peggy Hollinger*.

The US unit closed near its high for the day of DM1.6270 at DM1.6230. Economists said the dollar was now approaching a new psychological barrier of DM1.6350, the level which it hit in its first rally earlier this year.

Strong underlying demand fuelled the dollar's rise, as well as retail figures which showed sales up 0.6 per cent in January, compared with a forecast 0.2 per cent.

In the short-term, economists expected the dollar to continue its upward path. "It would be a brave man to stand in the way of the dollar at the moment," said Dr Mark Austin, an economist with Hong-Kong Bank.

However, he warned that the retail figures should be treated with caution. "Nothing fundamental has changed," he said. The foreign exchanges appeared to have forgotten the threat of a rate cut in the US.

The dollar's strength was most notable against the D-Mark and the Swiss franc. The Swiss unit continued to suffer from rumours earlier in the week that the central bank would not halt a drop in the franc. Although that speculation was refuted by the Swiss National Bank, the denial had not been "as vehement" as usual, said Dr Austin.

The Swiss currency closed weaker at SFr1.4575, compared with SFr1.4385. Mr Nigel Newman, senior economist at Barclays, suggested the Swiss central bank could "be staging a managed depreciation".

Against the yen, the US unit was still hampered by fears of central bank intervention. However, the dollar strengthened from Y127.55 to Y127.70.

The D-Mark's weakness was noticeable against most European currencies. Traders said, however, that the problem lay with a strong dollar rather than an inherently weak D-Mark.

The German unit fell against the peseta, from Pta 62.96 per D-Mark to Pta 62.92. Contrary to some expectations, the Bank of Spain did not cut rates upon publication of figures showing core inflation for January up 1.5 per cent.

The Spanish currency's strength put extra pressure on sterling which remained firmly at the bottom of the exchange rate mechanism grid.

Sterling remained fairly resilient against the D-Mark, despite disappointing jobless figures. These showed unemployment up 53,000 to 9.2 per cent of the workforce in January – the highest level since October 1987. Forecasts had been pitched at a 30,000 rise. The pound closed steady at DM2.8725.

Traders suggested that the pound's performance in recent days could offer the government a window of opportunity to cut interest rates. However, sterling would have to strengthen further against the D-Mark, to allow a buffer in the ERM grid.

£ IN NEW YORK

Feb.13	Latest	Previous Close
£ Spot	1.7695-1.7705	1.7880-1.7890
1 month	0.92-0.90pm	0.99-0.97pm
3 months	2.70-2.67pm	2.75-2.72pm
12 months	9.12-9.02pm	9.45-9.35pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		Feb.13	Previous
8.30	am	90.9	91.0
9.00	am	90.9	91.0
10.00	am	90.9	91.0
11.00	am	90.9	90.9
Noon		90.9	90.9
1.00	pm	90.8	90.9
2.00	pm	90.7	91.0
3.00	pm	90.8	90.9
4.00	pm	90.7	90.9

CURRENCY MOVEMENTS

Feb 13	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.7	-20.6
U.S Dollar	63.6	-18.5
Canadian Dollar	100.9	-1.2
Austrian Schilling	110.0	+12.2
Belgian Franc	111.7	-1.7
Danish Krone	109.1	+3.2
D-Mark	118.5	+25.2
Swiss Franc	107.4	+16.2
Dutch Guilder	114.6	+16.5
French Franc	109.2	-12.8
Lira	98.9	-19.7
Yen	143.0	+77.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Feb.12

CURRENCY RATES

Feb 13	Bank & rate %	Special * Drawing Rights	European † Currency Unit
Sterling	–	0.779488	0.711635
U.S Dollar	3.50	1.39655	1.27410
Canadian $	7.29	1.65098	1.50838
Austrian Sch	7.50	16.7629	14.3733
Belgian Franc	8.50	46.0268	42.0703
Danish Krone	9.50	8.66769	7.91968
D-Mark	8.00	2.23741	2.04315
Dutch Guilder	8.50	2.51477	2.29965
French Franc	10¼	7.61818	6.95959
Italian Lira	12	1682.77	1535.65
Japanese Yen	4.50	177.292	162.203
Norway Krone	8	8.76964	8.01117
Spanish Peseta	–	140.655	128.585
Swedish Krona	10.00	8.12513	7.42084
Swiss Franc	7.00	2.00265	1.83291
Greek Drach	19	257.158	236.234
Irish Punt	–	0.833056	0.765735

& Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Feb.12

OTHER CURRENCIES

Feb 13	£	$
Argentina	1.7585 - 1.7610	0.9900 - 0.9910
Australia	2.3590 - 2.3610	1.3270 - 1.3280
Brazil	2549.55 - 2551.35	1435.70 - 1435.90
Finland	7.8210 - 7.8455	4.4075 - 4.4125
Greece	329.500 - 334.750	183.560 - 186.500
Hong Kong	13.7575 - 13.7745	7.7540 - 7.7560
Iran	2542.00*	1420.00*
Korea(Sth)	1355.45 - 1377.30	759.90 - 768.90
Kuwait	0.51950 - 0.52210	0.29250 - 0.29350
Luxembourg	59.15 - 59.25	33.40 - 33.50
Malaysia	4.6270 - 4.6400	2.6120 - 2.6140
Mexico	5382.50 - 5394.50	3064.00 - 3065.00
N.Zealand	3.2730 - 3.2775	1.8445 - 1.8470
Saudi Ar	6.6930 - 6.7700	3.7495 - 3.7505
Singapore	2.9030 - 2.9110	1.6380 - 1.6410
S.Af (Cm)	4.9685 - 4.9905	2.8090 - 2.8110
S.Af (Fn)	6.2925 - 6.4060	3.5460 - 3.6100
Taiwan	44.24 - 44.35	24.95 - 25.00
U.A.E.	6.5535 - 6.6305	3.6715 - 3.6735

*Floating rate. Iran Official rate:£117.40 $65.00

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Feb 13	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.586	-3.78	6.12	65
Belgian Franc	42.4032	42.0703	-0.79	2.92	37
Dutch Guilder	2.31643	2.29965	-0.72	2.86	33
D-Mark	2.05586	2.04315	-0.62	2.75	30
Irish Punt	0.767417	0.765735	-0.22	2.34	9
Italian Lira	1538.24	1535.65	-0.17	2.29	4
French Franc	6.89509	6.95959	0.94	1.17	-52
Danish Krone	7.84195	7.91968	0.99	1.11	-46
Sterling	0.696904	0.711635	2.11	0.00	-42

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Feb 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7685 - 1.7980	1.7700 - 1.7710	0.92-0.90cpm	6.17	2.71-2.68pm	6.09
Canada	2.0975 - 2.1220	2.0980 - 2.0990	0.57-0.48cpm	3.00	1.68-1.55pm	3.08
Netherlands	3.2275 - 3.2505	3.2275 - 3.2375	¼-⅛cpm	0.70	⅝-½pm	0.62
Belgium	59.05 - 59.25	59.15 - 59.25	4-1cpm	0.51	13-8pm	0.71
Denmark	11.1125 - 11.1545	11.1125 - 11.1225	⅝-⅛orepm	0.47	1-⅛pm	0.22
Ireland	1.0750 - 1.0780	1.0770 - 1.0780	0.02pc-parpm	0.11	0.08-0.01pm	0.17
Germany	2.8690 - 2.8780	2.8700 - 2.8750	¼-⅛pfpm	0.78	⅝-½pm	0.61
Portugal	246.35 - 251.05	250.05 - 251.05	60-80cdis	-3.35	197-244dis	-3.52
Spain	180.50 - 180.95	180.50 - 180.80	28-33cdis	-2.03	94-116dis	-2.32
Italy	2155.30 - 2162.00	2158.50 - 2159.50	2-3liredis	-1.39	7-9dis	-1.48
Norway	11.2200 - 11.2840	11.2200 - 11.2300	¼-⅛orepm	0.20	¼-⅜dis	-0.18
France	9.7760 - 9.7975	9.7825 - 9.7925	⅜-⅛cpm	0.31	⅝-⅛pm	0.15
Sweden	10.4135 - 10.4515	10.4225 - 10.4325	1⅛-1⅞oredis	-1.87	5⅛-6dis	-2.21
Japan	225.50 - 228.15	225.50 - 226.50	1-⅞ypm	4.98	2⅞-2¾pm	4.98
Austria	20.17 - 20.25	20.21 - 20.24	1¼-⅛gropm	0.67	3⅝-1⅛pm	0.51
Switzerland	2.5710 - 2.5885	2.5750 - 2.5850	⅝-⅛cpm	2.91	1⅞-1⅝pm	1.81
Ecu	1.4040 - 1.4085	1.4065 - 1.4075	0.03-0.02cpm	0.21	0.09-0.03pm	0.17

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.13-5.08cpm . 12 Month 9.14-9.04pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Feb 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7685 - 1.7980	1.7700 - 1.7710	0.92-0.90cpm	6.17	2.71-2.68pm	6.09
Ireland†	1.6415 - 1.6690	1.6415 - 1.6425	0.88-0.83cpm	6.25	2.65-2.55pm	6.33
Canada	1.1805 - 1.1865	1.1855 - 1.1865	0.30-0.33cdis	-3.19	0.90-0.95dis	-3.12
Netherlands	1.7955 - 1.8285	1.8250 - 1.8260	0.81-0.84cdis	-5.42	2.51-2.55dis	-5.54
Belgium	32.85 - 33.50	33.40 - 33.50	14.00-16.00cdis	-5.38	44.00-47.00dis	-5.44
Denmark	6.1850 - 6.2825	6.2775 - 6.2825	2.87-3.12oredis	-5.72	8.95-9.65dis	-5.92
Germany	1.5950 - 1.6260	1.6225 - 1.6235	0.72-0.73pfdis	-5.36	2.22-2.25dis	-5.51
Portugal	138.00 - 139.25	139.15 - 139.25	107-115cdis	-9.57	330-345dis	-9.70
Spain	100.45 - 102.10	102.00 - 102.10	69-72cdis	-8.29	213-219dis	-8.47
Italy	1198.50 - 1220.25	1219.25 - 1219.75	7.50-8.00liredis	-7.63	23.00-24.00dis	-7.71
Norway	6.2570 - 6.3540	6.3375 - 6.3425	3.05-3.35oredis	-6.06	9.70-10.30dis	-6.31
France	5.4300 - 5.5370	5.5250 - 5.5300	2.65-2.70cdis	-5.81	8.15-8.25dis	-5.93
Sweden	5.7945 - 5.9025	5.8875 - 5.8925	3.89-3.99oredis	-8.03	12.05-12.40dis	-8.30
Japan	126.95 - 128.05	127.65 - 127.75	0.15-0.16ydis	-1.46	0.38-0.40dis	-1.22
Austria	11.2400 - 11.4050	11.4000 - 11.4050	4.95-5.35grodis	-5.42	15.20-16.40dis	-5.54
Switzerland	1.4295 - 1.4610	1.4570 - 1.4580	0.37-0.40cdis	-3.17	1.16-1.20dis	-3.23
Ecu†	1.2570 - 1.2805	1.2580 - 1.2590	0.65-0.63cpm	6.10	1.99-1.93pm	6.23

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Feb 13	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10¼ - 10⅛	10⅜ - 10¼	10⅜ - 10¼	10⅜ - 10¼	10⅜ - 10¼	10⅜ - 10¼
US Dollar	4 - 3⅞	4 - 3⅞	4 - 3⅞	4⅛ - 4	4⅛ - 3⅞	4⅝ - 4½
Can. Dollar	7¼ - 6⅞	7⅛ - 6⅞	7⅛ - 6⅞	7¼ - 6⅞	7¼ - 6⅞	7⅜ - 6⅞
Dutch Guilder	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
Swiss Franc	7 - 6⅞	7¼ - 6⅞	7½ - 7⅜	7⅝ - 7½	7⅝ - 7½	7¾ - 7⅝
D-Mark	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9¾ - 9⅝	9⅞ - 9¾	9⅞ - 9¾
French Franc	10⅛ - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞	9⅞ - 9¾
Italian Lira	12 - 10	12 - 11¼	12¼ - 11¾	12⅛ - 11⅞	12 - 11¾	12 - 11¾
Belgian Franc	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
Yen	5⅜ - 5¼	5⅜ - 5¼	5⅜ - 5¼	5¼ - 5⅛	5⅛ - 5	4⅞ - 4¾
Danish Krone	10 - 9⅞	10 - 9⅞	10 - 9¾	10⅛ - 9⅞	10⅛ - 9⅞	10 - 9¾
Asian $Sing	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½

Long term Eurodollars: two years 5⅛-5¼ per cent; three years 6⅛-6⅛ per cent; four years 6⅝-6⅝ per cent; five years 7⅛-7 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Feb.13	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.771	2.873	226.0	9.788	2.580	3.233	2159.	2.099	59.20	1.407
$	0.565	1	1.622	127.6	5.527	1.457	1.826	1219	1.185	33.43	0.794
DM	0.348	0.616	1	78.66	3.407	0.898	1.125	751.5	0.731	20.61	0.490
YEN	4.425	7.836	12.71	1000.	43.31	11.42	14.31	9553	9.288	261.9	6.226
F Fr.	1.022	1.809	2.935	230.9	10.	2.636	3.303	2206	2.144	60.48	1.437
S Fr.	0.388	0.686	1.114	87.60	3.794	1	1.253	836.8	0.814	22.95	0.545
N Fl.	0.309	0.548	0.889	69.90	3.028	0.798	1	667.8	0.649	18.31	0.435
Lira	0.463	0.820	1.331	104.7	4.534	1.195	1.497	1000.	0.972	27.42	0.652
C $	0.476	0.844	1.369	107.7	4.663	1.229	1.540	1029	1	28.20	0.670
B Fr.	1.689	2.992	4.853	381.8	16.53	4.358	5.461	3647	3.546	100.	2.377
Ecu	0.711	1.259	2.042	160.6	6.957	1.834	2.298	1534	1.492	42.08	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

Rate cut hope fades

IT WAS an expensive day in the UK money markets yesterday, as dealers became increasingly pessimistic about an imminent cut in interest rates.

However, the betting is still on for a cut before the forthcoming general election.

Furthermore, the relatively small size of the Bank's recent repurchase agreements – which have been running until the beginning of March – has been fanning the market's hopes of a rate cut in the near future.

There was a certain amount of speculation that the Bank of England could cut rates by less than the traditional ½ point.

UK clearing bank base lending rate
10.5 per cent
from September 4, 1991

The March short sterling contract firmed just one basis point to 89.80, implying an interest rate of 10.2 per cent by the middle of March.

The short end of the money market was tight, as the Bank offered assistance in small tranches until the afternoon.

Overnight rates jumped as high as 12 per cent during the day, although they fell back to close at 10¾-⅝ per cent. One week money held steady at 10⅝-½ per cent.

The key three-month interbank rate was a touch below current 10¼ per cent interest rates at 10⅝-½ per cent.

The Bank of England forecast a shortage of £1.3bn, with bills falling due accounting for £921m. Treasury paper and maturing assistance accounted for a further £713m of the shortfall, while exchequer transactions fed £610m back into the market. Bankers' balances below target and note circulation drained £115m.

The Bank gave early indications that it expected no changes in UK interest rates, with a mere £171m in assistance at a cost of 10⅜ per cent, in the morning. The rate hovered around that mark for the rest of the day, with a further £578m in assistance at 10⅜ and 10⅜ per cent. The injections included bills for resale on March 3,4 and 5, and band one bank and treasury paper. Late assistance totalled £505m, leaving the market only £46m short.

Call money was unchanged in Germany at 9.50/60 per cent, still benefiting from the generous Bundesbank injection on Wednesday. However, the rate could rise in the next few days, said dealers, as a DM1.22bn four-year note falls due.

The Federal Reserve signalled no change in the funds rate with a matched sale-purchase agreement at 3⅞ per cent. The presumed Fed target is four per cent.

FT LONDON INTERBANK FIXING

11.00 a.m. Feb.13	3 months US dollars		6 months US Dollars	
	bid 3⅞	offer 4	bid 3⅞	offer 4⅛

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime

Prime rate	6½
Broker loan rate	6
Fed.funds	3⅞
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	3.71	Three year	5.71
Two month	3.86	Five year	6.58
Three month	3.90	Seven year	6.99
Six month	4.01	10-year	7.39
One year	4.25	30-year	7.89
Two year	5.18		

Feb.13	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.50-9.60	9.50-9.60	9.50-9.60	9.50-9.60	9.45-9.55	9.75
Paris	10-10⅛	9⅞-10⅛	9⅞-10⅛	9⅞-10⅛	9⅞-10	9.60
Zurich	6⅞-6⅞	7⅛-7⅞	-	7⅝-7⅞	-	-
Amsterdam	9.50-9.56	9.56-9.64	-	9.52-9.60	-	-
Tokyo	5⅜-5⅞	5⅜-5⅞	-	5⅜-5⅞	-	-
Milan	11⅞-12⅛	12⅛-12⅜	-	12⅛-12¼	-	-
Brussels	9.56-9.68	9⅞-9⅞	-	9⅞-9⅞	-	-
Dublin	10⅛-10⅛	10⅛-10⅜	10⅛-10⅜	10⅛-10⅜	10⅛-10½	-

LONDON MONEY RATES

Feb 13	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12	10⅝	10⅝	10⅝	10⅝	10⅝
Interbank Bid	10⅝	10½	10½	10½	10½	10½
Sterling CDs	–	–	10½	10½	10½	10½
Local Authority Deps.	10½	10⅝	10½	10⅝	10⅝	10⅝
Local Authority Bonds	–	–	–	–	–	–
Discount Mkt Deps	11	10⅝	–	–	–	–
Company Deposits	–	–	10⅝	10⅝	10⅝	10⅝
Finance House Deposits	–	–	10⅝	10⅝	10⅝	10⅝
Treasury Bills (Buy)	–	–	10¼	9⅞	9½	–
Bank Bills (Buy)	–	–	10¼	9⅞	9⅝	–
Fine Trade Bills (Buy)	–	–	–	–	–	–
Dollar CDs	–	–	4.03	4.05	4.10	4.40
SDR Linked Dep. Offer	–	–	6⅝	6⅝	6½	6⅝
SDR Linked Dep. Bid	–	–	6¼	6¼	6⅜	6½
ECU Linked Dep. Offer	–	–	10⅜	10⅜	10¼	10⅛
ECU Linked Dep. Bid	–	–	10¼	10¼	10⅛	9⅞

Treasury Bills (sell); one-month 10⅛ per cent; three months 9⅞ per cent; six months 9⅞ per cent; Bank Bills (sell): one-month 10⅛ per cent; three months 9⅞ per cent; Treasury Bills; Average tender rate of discount 9.8269 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day January 31 ,1992 . Agreed rates for period Feb.26, 1992 to March 24 , 1992. Scheme I: 11.75 p.c., Schemes II & III: 12.01 p.c. Reference rate for period Jan 1,1992 to January 31 , 1992, Scheme IV&V: 10.713 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from February 1 , 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5,1991 . Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS
£50,000 64ths of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
94	3-60	4-34	0	0-20
95	2-60	3-44	0	0-30
96	1-62	2-58	0-02	0-44
97	1-02	2-15	0-06	1-01
98	0-21	1-41	0-25	1-27
99	0-05	1-12	1-09	1-62
100	0-02	0-54	2-06	2-40
101	0	0-38	3-04	3-24

Estimated volume total, Calls 7405 Puts 2080
Previous day's open int. Calls 48233 Puts 32007

LIFFE US TREASURY BOND FUTURES OPTIONS
$100,000 64ths of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
97	3-11	3-08	0-03	1-04
98	2-15	2-31	0-07	1-27
99	1-25	1-60	0-17	1-56
100	0-46	1-31	0-38	2-27
101	0-20	1-06	1-12	3-02
102	0-07	0-51	1-63	3-47
103	0-03	0-37	2-59	4-33
104	0-01	0-26	3-57	5-22

Estimated volume total, Calls 694 Puts 0
Previous day's open int. Calls 3444 Puts 3140

LIFFE BUND FUTURES OPTIONS
DM250,000 points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
8650	1.64	2.37	0	0.13
8700	1.14	1.94	0	0.20
8750	0.67	1.54	0.03	0.30
8800	0.29	1.19	0.15	0.45
8850	0.08	0.89	0.44	0.65
8900	0.01	0.64	0.87	0.90
8950	0	0.45	1.36	1.21
9000	0	0.31	1.86	1.57

Estimated volume total, Calls 6721 Puts 4128
Previous day's open int. Calls 168113 Puts 94226

LIFFE EUROMARK OPTIONS
DM1m points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
8950	0.94	1.28	0	0
8975	0.69	1.04	0	0.01
9000	0.45	0.80	0.01	0.02
9025	0.21	0.57	0.02	0.04
9050	0.04	0.37	0.10	0.09
9075	0.02	0.21	0.33	0.18
9100	0	0.12	0.56	0.34
9125	0	0.06	0.81	0.53

Estimated volume total, Calls 4435 Puts 2728
Previous day's open int. Calls 77872 Puts 44778

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS Lira 200m 100ths of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
9650	1.93	2.19	0	0.16
9700	1.43	1.77	0	0.24
9750	0.94	1.37	0.01	0.34
9800	0.46	1.03	0.03	0.50
9850	0.10	0.76	0.17	0.73
9900	0.02	0.53	0.59	1.00
9950	0	0.36	1.07	1.33
10000	0	0.24	1.57	1.71

Estimated volume total, Calls 448 Puts 233
Previous day's open int. Calls 6453 Puts 3578

LIFFE SHORT STERLING OPTIONS
£500,000 points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
8900	0.79	1.13	0.01	0.04
8925	0.55	0.91	0.02	0.07
8950	0.32	0.71	0.04	0.12
8975	0.14	0.52	0.11	0.18
9000	0.05	0.37	0.27	0.28
9025	0.02	0.24	0.49	0.40
9050	0	0.15	0.72	0.56
9075	0	0.09	0.97	0.75

Estimated volume total, Calls 3941 Puts 1311
Previous day's open int. Calls 110087 Puts 60662

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT *
£50,000 32nds of 100%

	Close	High	Low	Prev.
Mar	97-30	98-10	97-26	98-01
Jun	98-07	98-18	98-05	98-10

Estimated volume 40748 (38047)
Previous day's open int. 60715 (60661)

US TREASURY BONDS 8% *
$100,000 32nds of 100%

	Close	High	Low	Prev.
Mar	100-04	100-28	99-31	100-25
Jun	99-02			99-22

Estimated volume 1606 (637)
Previous day's open int. 4189 (4226)

6% NOTIONAL GERMAN GOVT. BOND *
DM250,000 100ths of 100%

	Close	High	Low	Prev.
Mar	88.14	88.30	88.12	88.18
Jun	88.74	88.87	88.71	88.77

Estimated volume 42811 (36801)
Previous day's open int. 118302 (115788)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low
Mar	101.88	102.19	102.05
Jun	101.76	102.08	101.76

Estimated volume 874 (409)
Traded exclusively on APT

9% NOTIONAL ECU BOND
ECU 200,000 100ths of 100%

	Close	High	Low	Prev.
Mar	102.44	102.61	102.50	102.52
Jun				

Estimated volume 60 (59)
Previous day's open int. 368 (368)

12% NOTIONAL ITALIAN GOVT. BOND (BTP) *
LIRA 200m 100ths of 100%

	Close	High	Low	Prev.
Mar	98.43	98.51	98.41	98.49
Jun	98.53	98.62	98.52	98.59

Estimated volume 4940 (4843)
Previous day's open int. 22331 (21359)

THREE MONTH STERLING *
£500,000 points of 100%

	Close	High	Low	Prev.
Mar	89.78	89.82	89.77	89.79
Jun	90.09	90.13	90.09	90.10
Sep	90.40	90.43	90.39	90.41
Dec	90.61	90.64	90.60	90.61
Mar	90.72	90.74	90.71	90.72
Jun	90.74	90.77	90.74	90.74

Est. Vol. (inc. figs. not shown) 27927 (30412)
Previous day's open int. 214569 (212363)

THREE MONTH EURODOLLAR *
$1m points of 100%

	Close	High	Low	Prev.
Mar	95.85	95.94	95.85	95.94
Jun	95.64	95.81	95.61	95.79
Sep	95.29	95.48	95.26	95.45
Dec	94.59	94.79	94.56	94.77

Est. Vol. (inc. figs. not shown) 3032 (2730)
Previous day's open int. 40953 (41046)

THREE MONTH EUROMARK *
DM 1m points of 100%

	Close	High	Low	Prev.
Mar	90.44	90.46	90.43	90.45
Jun	90.78	90.82	90.77	90.77
Sep	91.18	91.21	91.17	91.19
Dec	91.55	91.56	91.53	91.55
Mar	91.89	91.91	91.88	91.90
Jun	92.05	92.06	92.05	92.04

Estimated volume 32385 (44774)
Previous day's open int. 236757 (236657)

THREE MONTH ECU
ECU 1m points of 100%

	Close	High	Low	Prev.
Mar	89.80	89.80	89.77	89.74
Jun	90.25	90.29	90.22	90.18
Sep	90.75	90.75	90.74	90.69
Dec	91.14	91.14	91.13	91.12

Estimated volume 625 (637)
Previous day's open int. 8757 (8731)

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev.
Mar	92.61	92.66	92.61	92.64
Jun	92.82	92.88	92.81	92.86
Sep	93.12	93.13	93.13	93.16
Dec	93.30	93.33	93.33	93.36

Estimated volume 2111 (2680)
Previous day's open int. 32001 (31957)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Mar	2535.0	2550.0	2531.0	2539.5
Jun	2570.0	2577.0	2577.0	2574.5
Sep	2602.0			2612.0

Estimated volume 6211 (9461)
Previous day's open int. 40024 (40792)

FT-SE EUROTRACK 100 INDEX
DM50 per full index point

	Close	High	Low	Prev.
Mar	1144.0	1148.0	1148.0	1142.0
Jun				

Estimated volume 5 (0)
Previous day's open int. 142 (142)

* Contracts traded on APT. Closing prices shown.

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Mar	100-04	100-28	99-30	100-29
Jun	99-02	99-24	98-27	99-26
Sep	98-01	98-13	97-29	98-25
Dec	-	97-24	97-00	97-26
Mar	96-07	96-16	96-07	96-31
Jun	95-15	95-20	95-15	96-06
Sep	-	-	-	95-14
Dec	94-00	94-00	94-00	94-24
Mar	-	-	-	94-04
Jun	-	-	-	93-17
Sep	-	-	-	92-31

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar	96.18	96.27	96.12	96.26
Jun	96.08	96.22	96.03	96.19
Sep	95.80	95.96	95.74	95.94
Dec	95.30	-	95.30	95.41
Mar	95.19	-	-	95.19

BRITISH POUND (IMM)
$ per £

	Latest	High	Low	Prev.
Mar	1.7676	1.7822	1.7620	1.7768
Jun	1.7410	1.7538	1.7340	1.7502
Sep	1.7170	-	1.7150	1.7262

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Mar	0.6870	0.6940	0.6850	0.6919
Jun	0.6810	0.6877	0.6788	0.6861
Sep	0.6755	0.6835	0.6750	0.6810

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Mar	0.7812	0.7845	0.7802	0.7836
Jun	0.7804	0.7824	0.7785	0.7816
Sep	0.7805	-	-	0.7805
Dec	0.7803	-	-	0.7803

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Mar	0.6153	0.6212	0.6130	0.6186
Jun	0.6072	0.6129	0.6055	0.6102
Sep	0.6000	-	0.6000	0.6028
Dec	0.5950	0.5950	0.5950	0.5966
Mar	0.5920	-	-	0.5920

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar	95.85	95.96	95.81	95.94
Jun	95.64	95.82	95.59	95.79
Sep	95.29	95.48	95.23	95.46
Dec	94.60	94.81	94.55	94.77
Mar	94.29	94.48	94.24	94.46
Jun	93.80	93.99	93.75	93.96
Sep	93.38	93.53	93.29	93.51
Dec	92.79	92.94	92.70	92.92

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Mar	415.75	418.70	415.55	418.25
Jun	-	419.65	417.00	419.60
Sep	419.15	-	419.15	421.05
Dec	421.20	-	421.20	422.50

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Feb	Calls Mar	Calls Apr	Calls Jun	Puts Feb	Puts Mar	Puts Apr	Puts Jun
1.725	4.90	5.55	5.95	6.68	0.01	1.31	2.48	4.60
1.750	2.55	3.81	4.57	5.27	0.13	2.16	3.46	5.85
1.775	0.85	2.51	3.12	4.16	0.86	3.32	4.83	7.30
1.800	0.09	1.56	2.22	3.20	2.41	4.92	6.44	8.89
1.825	0.02	0.91	1.30	2.47	4.95	6.79	8.15	10.66
1.850	-	0.49	0.97	1.85	7.38	8.81	10.13	12.56
1.875	-	0.22	0.60	1.36	9.83	11.05	12.26	14.57

Previous day's open int: Calls 378,786 Puts 459,974 (All currencies)
Previous day's volume: Calls 52,936 Puts 26,720 (All currencies)

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Sett price	Change	High	Low	Yield	Open int.
March	108.16	108.00	-0.12	108.26	107.96	8.75	110,361
June	109.52	109.40	-0.10	109.62	109.36	8.55	33,756
September	109.64	109.52	-0.10	109.66	109.64	8.55	2,764

Estimated volume 90,894 Total Open Interest 146,883

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Sett price	Change	High	Low	Yield	Open int.
March	90.03	90.05	+0.02	90.06	90.03	9.97	27,176
June	90.43	90.46	+0.03	90.48	90.43	9.57	19,376
September	90.85	90.86	+0.01	90.88	90.85	9.15	9,264
December	91.21	91.20	+0.02	91.22	91.19	8.82	2,752

Estimated volume 14,304 Total Open Interest 58,568

CAC-40 FUTURES (MATIF) Stock index

	Open	Sett price	Change	High	Low	Yield	Open int.
February	1882.0	1892.5	+19.0	1896.0	1879.0	-	10,017
March	1896.5	1907.5	+19.5	1911.0	1896.0	-	7,781
April	1911.0	1921.5	+19.0	1911.0	1911.0	-	161
June	1917.0	1924.5	+19.0	1930.0	1915.0	-	5,563

Estimated volume 9,109 Total Open Interest 23,522

ECU BOND (MATIF)

	Open	Sett price	Change	High	Low	Yield	Open int.
March	108.44	108.32	-0.12	108.52	108.30	-	7,850
June	108.80	108.62	-0.12	108.80	108.70	-	110

Estimated volume 3,382 Total Open Interest 7,960

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
107	1.06	-	-	0.05	0.21	-
108	0.31	1.79	-	0.32	0.42	-
109	0.04	1.14	-	1.04	0.76	-
110	-	0.69	1.17	-	1.28	-
111	-	0.37	-	-	-	-
112	-	-	-	-	-	-
113	-	0.10	-	-	-	-
Open int	122,843	54,649	8,293	107,880	48,426	2,976

Estimated volume 19,688 Total Open Interest 345,067

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7705	1.7614	1.7435	1.7194	1.6796

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc	14	Roxburghe Bank Ltd	11.5
Bank of Ireland	10.5	● Robert Fleming & Co	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs	11	● Smith & Williamson Secs	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co	10.5	Westpac Bank Corp	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

	Gross	Net	Gross CAR	Int Cr
CAF Money Management Co Ltd 48 Pembury Road, Tonbridge TN9 2JD 0732 770114				
Cafcash Deposit Fund	8.27	–	8.52	Mth
Deposits Over £1 million	8.37	–	8.63	Mth
Deposits Over £2 million	8.47	–	8.74	Mth
The CBF Charities Deposit Account 2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	10.30	–	10.70	3-Mth
Cent. Bd. of Fin. of Church of England‡‡ 2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	10.35	–	10.76	3-Mth
Gartmore Money Management Ltd 16-18 Monument St, London EC3R 8QQ 071-626 1425				
TESSA Desk				
Call Fnd	10.38	7.78	10.64	6-Mth
7-day Fund	10.43	7.82	10.70	6-Mth
Special Fund	10.20	7.65	10.46	3-Mth
Dollar	2.62	1.96	2.64	3-Mth
TESSA Prime	10.00	–	10.38	3-Mth
TESSA Plus	9.80	–	10.17	3-Mth
TESSA Saver	9.65	–	10.00	3-Mth

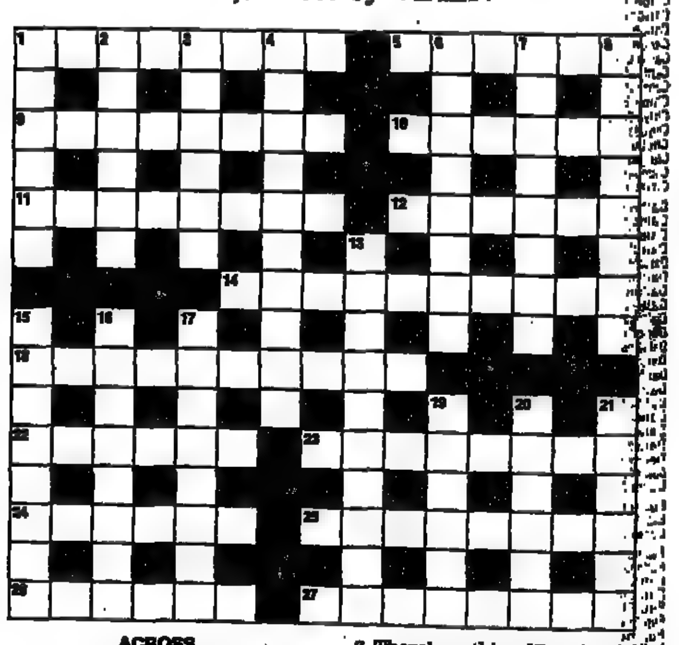
Money Market Bank Accounts

	Gross	Net	Gross CAR	Int Cr
AIB Bank High Interest Cheque Account Belmont Rd, Uxbridge UB8 1SA 0800 282115				
£2,500-£9,999	8.50	6.38	8.77	Qtr
£10,000+	9.25	6.94	9.57	Qtr
Aitken Hume Bank plc 30 City Road, EC1Y 2AY 071-638 6070				
Treasury Acc	9.00	6.75	9.31	Qtr
Mth Int Chq £1,000-£4,999	9.00	6.75	9.38	Mth
Mth Int Chq £5,000-£49,999	9.50	7.125	9.92	Mth
Mth Int Chq £50,000+	10.00	7.50	10.47	Mth
Allied Trust Bank Ltd 97-101 Cannon St, London EC4N 5AD 071-626 0879				
TOMNA (£2,001+)	10.90	8.60	11.46	Yearly
OMNA (£2,001+)	10.50	8.37	11.02	Yearly
HICA (£2,001+)	9.00	6.75	9.38	Mth
Premier TESSA	12.50	9.03	13.24	Yearly
American Express Bank Ltd Sussex House, Burgess Hill, West Sussex, RH15 9AW 0444 239230				
High Performance Cheque Account				
Cardmembers				
£500-£999	3.50	2.63	3.56	Mth
£1,000-£4,999	8.50	6.38	8.84	Mth
£5,000-£9,999	8.70	6.53	9.06	Mth
£10,000-£24,999	9.10	6.83	9.49	Mth
£25,000-£49,999	9.30	6.98	9.71	Mth
£50,000-£99,999	9.50	7.13	9.92	Mth
£100,000+	9.70	7.28	10.14	Mth
Non-Cardmembers				
£500-£999	3.25	2.44	3.30	Mth
£1,000-£4,999	8.25	6.19	8.57	Mth
£5,000-£9,999	8.45	6.34	8.79	Mth
£10,000-£24,999	8.85	6.64	9.22	Mth
£25,000-£49,999	9.05	6.79	9.43	Mth
£50,000-£99,999	9.25	6.94	9.65	Mth
£100,000+	9.45	7.09	9.87	Mth
Bank of Ireland High Interest Cheque Acc 36-40 High St, Slough SL1 1EL 0753 516516				
£10,000+	8.75	6.563	9.041	Qtr
£2,000-£9,999	8.50	6.375	8.775	Qtr
Bank of Scotland 38 Threadneedle St, EC2P 2EH 071-601 6446				
MM Chq Acc £2,500-£24,999	8.65	6.49	9.00	Mth
£25,000+	9.11	6.83	9.50	Mth
Barclays Select PO Box 120, Westwood Bs Pk, Coventry 0800 400100				
£2,000-£9,999	8.50	6.38	8.50	–
£10,000-£24,999	9.75	7.31	9.75	–
£25,000-£49,999	10.25	7.69	10.25	–
£50,000+	11.00	8.25	11.00	–
Barclays Prime Account H.I.C.A. PO Box 125, Northampton 0604 252891				
£1,000-£2,499	7.00	5.25	7.19	Qtr
£2,500-£9,999	7.70	5.78	7.92	Qtr
£10,000-£24,999	8.40	6.30	8.67	Qtr
£25,000+	8.75	6.56	9.04	Qtr
Benchmark Bank PLC Premier Account 86 Newman Street, W1P 3LD 071-631 3313				
£2,500-£10,000	9.00	6.75	9.31	Qtr
£10,001-£20,000	9.25	6.9375	9.58	Qtr
£20,000+	10.00	7.50	10.38	Qtr
Brown Shipley & Co Ltd Founders Court, Lothbury, London EC2 071-606 9833				
HICA	9.125	6.84	9.44	Qtr
Prof Demand A/c	9.00	6.75	9.25	Qtr
Caledonian Bank Plc 8 St Andrew Square, Edinburgh EH2 2PP 031 556 8235				
HICA	10.00	7.50	–	Yearly
Cater Allen Ltd 20 Birchin Lane, London EC3V 9DJ 071-623 2070				
HICA	9.00	6.75	9.3807	Mth
Chequeeasy £5,000 min	9.50	7.125	9.9248	Mth
TESSA	10.25	–	10.7081	Mth
Charterhouse Bank Limited 1 Paternoster Row, EC4M 7DH 071-248 4000				
£2,500-£19,999	9.25	6.94	9.65	Mth
£20,000-£49,999	9.50	7.13	9.92	Mth
£50,000-£99,999	9.75	7.31	10.20	Mth
£100,000+	10.00	7.50	10.47	Mth
$5,000-$49,999	2.50	1.88	2.53	Mth
$50,000-$99,999	3.00	2.25	3.04	Mth
$100,000-$199,999	3.25	2.44	3.30	Mth
$200,000+	3.50	2.63	3.56	Mth
Many other currencies are available - for rates please phone ext 2160				
Clydesdale Bank PLC 30 St Vincent Place, Glasgow G1 2HL 041 248 7070				
£2,000-£24,999	8.25	6.19	8.51	Qtr
£25,000-£99,999	9.00	6.75	9.31	Qtr
£100,000+	9.50	7.13	9.84	Qtr
Co-operative Bank PO Box 300, Skelmersdale, Lancs 0800 616[illegible]				
TESSA	11.50	–	–	Yearly
Investment 90–95 Day Notice Savings				
£50,000+	10.75	8.10	11.0	6-Mth
£25,000-£49,999	10.50	7.90	10.8	6-Mth
£10,000-£24,999	9.50	7.10	9.7	6-Mth
£5,000-£9,999	8.25	6.20	8.4	6-Mth
Pathfinder–Card Based Current Account				
All Balances	10.00	7.50	10.50	Mth
Top Tier–Instant Access Savings				
£50,000+	9.50	7.10	9.7	6-Mth
£10,000-£49,999	9.00	6.75	9.2	6-Mth
£5,000-£9,999	7.75	5.80	7.90	6-Mth
£1,000-£4,999	7.25	5.40	7.40	6-Mth
£1-£999	3.50	2.60	3.50	6-Mth
Ultra Interest Bearing Current Account				
£20,000+	6.00	4.50	6.28	Mth
£5,000-£19,999	5.00	3.75	5.10	Mth
£500-£4,999	2.50	1.90	2.56	Mth
£1-£499	2.00	1.50	2.00	Mth
Coutts & Co Reserve Account 440 Strand, London WC2R 0QS 071-753 1000				
For personal customers				
£50,000+	9.125	6.84	9.44	Qtr
£20,000-£49,999	8.625	6.47	8.91	Qtr
£5,000-£19,999	8.125	6.09	8.38	Qtr
For businesses, charities and societies				
£100,000-£1,000,000	8.50	6.40	8.78	Qtr
£25,000-£99,999	8.25	6.19	8.51	Qtr
£10,000-£24,999	7.625	5.72	7.85	Qtr
Coutts Composite Account for clients money 27 Bush Lane, London EC4R 0AA 071-623 3434				
Rates negotiable no to...	10.00	–	–	
Dartington & Co Ltd Investment HICA 70 Prince St, Bristol BS1 4QD 0272 213206				
£50,000-£1m	9.50	7.13	9.84	Qtr
£25,000-£49,999	9.25	6.94	9.58	Qtr
£5,000-£24,999	9.00	6.75	9.31	Qtr
Financial & General Bank plc 13 Lowndes Street, London, SW1X 9EX 071-235 0034				
H.I.D.A. £50,000	10.85	8.137	11.12	6-Mth
H.I.D.A. £10,000-£50,000	10.50	7.875	10.77	6-Mth
Gartmore Money Management Ltd 16-18 Monument St London EC3R 8QQ 071-236 1425				
HICA £10,000+	8.75	6.56	9.04	3-Mth
Halifax Bldg Soc Asset Reserve Cheque Acc Trinity Road, Halifax HX1 2RG 0422 335333				
£5,000-£9,999	8.70	6.53	8.99	Qtr
£10,000-£24,999	9.50	7.13	9.84	Qtr
£25,000-£49,999	10.00	7.50	10.38	Qtr
£50,000 and above	10.60	7.95	11.03	Qtr
Julian Hodge Bank Ltd 10 Windsor Place Cardiff CF1 3BX 0222 220800				
6 Mth Fixed Rate Dep Acc	11.25	8.44	–	
Extra High Interest Deposit Account				
£50,000+	11.00	8.25	11.46	Qtr
£10,000+	10.75	8.06	11.19	Qtr
£5,000+	10.25	7.69	10.65	Qtr
Humberclyde Finance Group Chalky Ct, Winchester Rd, Basingstoke 0256 841[illegible]				
£50,000+	10.50	7.88	10.82	Qtr
Kleinwort Benson Ltd 158 Kentish Town Rd, London NW5 2BT 071 267 1586				
H.I.C.A. (£2,500+)	9.75	7.3125	10.21	Daily
Lloyds Bank – Investment Account 71 Lombard St, London EC3P 3BS 0272 433372				
£50,000 and above	10.40	7.80	10.40	Yearly
£25,000+	10.00	7.50	10.00	Yearly
£10,000+	9.80	7.35	9.80	Yearly
£5,000+	8.40	6.30	8.40	Yearly
Midland Bank plc PO Box 2, Sheffield. 0742 529394				
Exchequer Acc £5000+	9.30	6.97	9.500	6-Mth
£10,000+	9.492	7.11	9.705	6-Mth
£25,000+	9.889	7.41	10.10	6-Mth
£50,000+	10.25	7.68	10.50	6-Mth
TESSA	10.25	–	10.25	Yearly
NatWest Crown Reserve Account 41 Lothbury, London, EC2P 2BP 071-374 3394				
£25,000 and above	9.75	7.31	10.11	3-Mth
£10,000 to £24,999	9.50	7.13	9.84	3-Mth
£2,000-£9,999	9.125	6.84	9.44	3-Mth
Provincial Bank PLC 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
H.I.C.A. (£1,000+)	8.75	6.56	9.11	Mth
Royal Bank of Scotland plc Premium Acc 42 St Andrew Sq, Edinburgh EH2 2YE 031-228 5400				
£50,000+	9.20	6.90	9.52	Qtr
£25,000-£49,999	8.70	6.53	8.99	Qtr
£10,000-£24,999	8.25	6.19	8.51	Qtr
£2,500-£9,999	7.50	5.63	7.71	Qtr
Save & Prosper/Robert Fleming 16-22 Western Rd, Romford RM1 3LB 0800 282101				
Deposit £1,000+ Chq Acc	9.00	6.75	9.42	Daily
TESSA Fixed 1 Year	8.88	–	9.25	Mth
TESSA Variable	10.03	–	10.50	Mth
Sterling Bank & Trust Ltd Abbey Gdns, 6 Abbey St, Reading RG1 3BA 0734 592943				
HIDA £2,500+	10.50	7.88	10.78	6-Mth
Tyndall & Co Ltd 29-33 Princess Victoria St, Bristol 0272 744720				
Demand Acc	09.00	6.75	09.30	Qtr
HIMA	09.00	6.75	09.30	Qtr
HIMA £100,000+	09.25	6.94	09.58	Qtr
Master Plus	09.00	6.75	09.30	Qtr
TESSA	09.88	–	10.25	Qtr
United Dominions Trust Ltd PO Box 135, Abbey St, Reading RG1 3RB 0734 580[illegible]				
Capital Plus Cheque Account				
£1,000+	9.90	7.43	10.27	Qtr
J. Henry Schroder Wagg & Co Ltd 120 Cheapside, London EC2V 6DS 071-382 6000				
Special Acc	9.75	10.08	7.31	Mth
£10,000 and above	10.0000	10.38	7.5	Mth
Western Trust High Interest Cheque Acc The Moneycentre, Plymouth PL1 1SE 0752 224141				
£15,000+	10.00	7.50	10.38	Qtr
£5,000-£14,999	9.75	7.31	10.11	Qtr
£1,000-£4,999	9.50	7.13	9.84	Qtr
Wimbledon & South West Finance PLC 114 Newgate St, London EC1 7AE 071-606 9[illegible]				
High Int Cheque Acc	10.60	7.95	11.03	Qtr

NOTES – Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

CROSSWORD

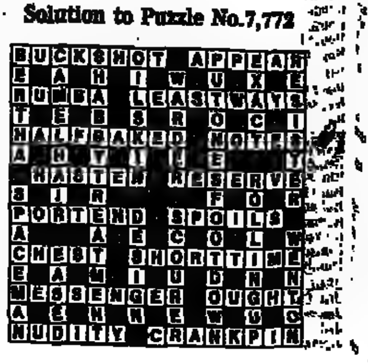
No.7,773 Set by VIXEN



ACROSS
1 Not in favour of bait being used – show scorn for it (8)
5 Getting through can be tedious (6)
9 Paid ransom for certain military personnel held (8)
10 Argue about a boy's appearance (6)
11 Found press unyielding (4-4)
12 Seeing that one's in agreement in Italy – in Umbria (6)
14 Making over in a not over-way-out fashion (10)
18 High-rise homes for social workers (10)
22 There's point in spring retirement – point for review boards (6)
23 Beast causing a group of conservationists to run off (8)
24 Sound – it can't split (6)
25 Opinion held about people being given a flat (8)
26 A writer of unsophisticated English (6)
27 Set at odds when some pest rang early (8)

DOWN
1 Copper getting blue in a clergyman's office (6)
2 Badly done, so lumpy (6)
3 Only half of them returned call, which is really sickening (6)
4 Taking new men on, help a development that's sensational (10)
6 There's nothing like absorbing poetry when abroad (8)
7 Encourage the serving of the currently popular drink (8)
8 Gets in an odd order for flowers (8)
13 Still without a subject for discussion? (10)
15 On the move, quietly exercise back in some discomfort (8)
16 Animal circumventing snare in the dark (8)
17 The boiler William wanted May too (5-3)
19 "Shone like a —— streaming to the wind" (Milton) (6)
20 Sailing men follow the fashion, being up-to-date (6)
21 Tame a maggot! (6)

Solution to Puzzle No.7,772



BUCKSHOT APPEAR
E A H I W U X E
RUMBA LEASTWAYS
T E B S R O C I
HALFBAKED NOTES
A H Y I E Y
CHASTEN RESERVE
S J R F O R
PORTEND SPOILS
A A E C O L W
CHEST SHORTTIME
E A M I U D N E
MESSENGER OUGHT
A E H N E W U C
NUDITY CRANKPIN

WORLD STOCK MARKETS

CANADA

TORONTO

3:00 pm prices February 13

INDICES

TOKYO - Most Active Stocks

Thursday 13 February 1992

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Odakyu Elec	4.4m	690	-12	Nippon Carbon	3.1m	1,040	-40
Keihin Express	4.2m	516	+4	77 Bank	3.0m	787	-4
Nippon Steel	3.6m	344	-5	Morinaga Milk	3.0m	695	-25
Sharp	3.4m	1,410	-20	Tsugami	2.8m	715	+27
Mitsubishi Heavy	3.1m	630	-1	Clarion	2.8m	1,140	-10

3:00 pm prices February 13

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15¾	12¼	AAR Corp	0.48	3.2	18	606	16¼	15	15	-¼
25	22½	A L Labs A	0.16	0.7	25	18	22¾	22¾	22¾	
66¾	60⅛	AMP Inc	1.52	2.4	25	1187	63⅞	63¼	63⅜	-⅜
78½	66⅞	AMR			25	1439	73¾	72⅞	72⅞	-1⅛
2⅜	1⅜	ARX			2	148	2¼	2⅛	2¼	
53½	46¼	ASA x	2.00	4.0	14	778	50½	49⅞	50	-⅜
68⅜	60⅞	Abbott Lab	1.00	1.6	24	6187	63	62¼	63½	-1⅛
13¼	12⅛	Abitibi Pr	0.50	3.8	17	8	13	13	13	-⅛
11⅛	10½	ACM Gvt In x	0.96	9.0		761	10⅝	10⅝	10⅝	-⅛
10⅜	9⅛	ACM GvOpp x	0.80	8.6		734	9½	9⅜	9⅜	-⅛
9½	8⅝	ACM Gvt Sp x	1.01	11.7		642	8⅞	d8⅝	8⅝	-⅛
11⅛	10⅛	ACM Gvt Sc	1.26	12.0		406	10½	10⅜	10½	
9⅞	8⅞	ACM Man x	0.96	10.4		55	9⅛	9	9⅛	
12⅞	11⅞	ACM Managd x	1.08	9.2		401	11⅞	d11¾	11¾	-⅛
10⅛	7	Acme Clève x	0.40	4.2	18	92	9⅞	9⅝	9⅝	-¼
6⅞	4½	Acme Elect			3	6	4¾	4⅝	4¾	
33¼	21½	Acuson			13	3359	22⅝	21⅞	22⅛	+⅛
19⅜	18½	Adams Expr x	0.46	2.5	0	39	19⅛	19	19	
15⅞	13	Adobe12Pf	2.40	15.7		111	u15½	15¼	15¼	
6⅞	4½	Adobe Res			33	27	u5⅞	5⅞	5⅞	
49⅛	42¼	Ad Micro				212	48	46¾	46¾	-1⅛
21½	17⅝	Ad Micro P	3.00	16.1	12	1162	20⅜	19⅞	19⅞	-1
7⅛	6	Advest Grp	0.16	2.3	29	123	7	6⅞	7	+⅛
46⅞	38	Aetna Ll	2.76	6.0		93960	u46⅞	45⅞	46⅛	-⅛
11⅛	8⅞	Affil A x	0.24	2.2	76	359	10⅞	10⅛	10¾	-⅛
32⅞	26⅞	Aflac x	0.40	1.3	16	1210	31⅛	30⅜	30⅜	-⅜
18¼	15⅝	Ahmanson x	0.88	4.9	8	1684	18⅛	17⅞	17⅞	-⅛
22½	17½	Aileen Inc			16	393	19⅛	18⅛	19	-⅛
83⅞	72⅞	Air Pr Chm	0.80	1.0	18	1344	81½	80½	81⅜	+1⅛
29¾	23⅜	Airbne Frt x	0.30	1.0	20	632	29¾	29	29	-⅛
26	22⅝	Airgas Inc			27	182	25	24¼	24½	-⅛
11¼	8¼	Airlease	1.64	14.7	7	81	u11⅜	11⅛	11⅛	-⅛
103½	99½	AlaPw8.16 x	8.16	8.0		5	102¼	102¼	101½	-⅜
25½	21⅞	AlaPw PfA	2.00	8.0		11	u25½	25¼	25⅞	
107	104	AlaPw9.44 x	9.44	8.9		2	106	105	105½	+½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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NYSE COMPOSITE PRICES

Continued from previous page

1992 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close	Prev. Close	Ch'ge
27	25¼	Yankee Egy	1.50	6.0	13	18	25½	25⅝	25½		−⅛
1⅝	½	Zapata				314625	u1⅞	⅞	1⅛		+⅞
9⅜	7⅛	ZenithElec				38379	9⅝	9	9⅝		+⅝
16⅞	15¾	Zenith Nat	1.00	6.3	131	58	16	d15⅞	15⅞		−⅛
6⅞	6	Zenix Inc x	0.84	12.4		231	u6⅞	6⅝	6⅝		
12⅞	11⅛	Zero Corp x	0.40	3.1	19	37	u12⅞	12⅝	12⅞		
38	34⅞	Zurn Ind x	0.88	2.5	15	209	34⅞	34⅝	34⅝		−⅛
14⅛	13⅝	Zweig Fund	1.16	8.7		217	13½	d13⅜	13⅜		
11	10⅝	Zweig Tot x	0.98	9.0		1149	10⅝	d10½	10⅝		

Price data supplied by Telekurs.

Owing to problems at Telekurs, some North American prices are temporarily being marked ex-dividend early.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices February 13

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
Oil Corp	0.14	8	184	7⅞	7⅝	7⅝	−⅛
Pall Corp	0.35	33	742	31⅛	30⅝	30⅝	
Pegasus G	0.10	8	1981	u13¾	13⅛	13⅝	+⅜
Perini		9	83	u14⅛	13⅞	14⅛	+⅛
Pet Hl&P	0.31	7	12	10⅝	10⅝	10⅝	

NASDAQ NATIONAL MARKET

3:00 pm prices February 13

- X - Y - Z -

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
Withington	0.44	32	727	25⅞	25⅛	25⅝	+⅛
WPP Group	1.11	7	10879	u2⅞	1½	2⅛	+⅜
Wyman-Gor	0.40	15	705	6⅛	5⅞	5⅞	−⅛
Xilinx		31	5878	30	29¼	29½	+½
Xoma Corp		13	2253	23¼	22⅞	22⅞	−⅛
Yellow Fr x	0.94	31	1849	u30⅛	29⅞	30⅛	
York Rsch		66	612	7	6⅞	6⅞	−⅛
ZionsUtah	1.44	10	109	u48½	47⅞	48⅛	

FINANCIAL TIMES Friday February 14 1992

AMERICA

Dow weakens as investors react to rising bond yields

Wall Street

DESPITE some rare good economic news, share prices fell across the board yesterday morning as investors reacted to a sharp rise in bond yields, *writes Patrick Harverson in New York.*

By 1pm the Dow Jones Industrial Average was down 15.65 at 3,261.18. The more broadly-based Standard & Poor's 500 was also lower at midsession, down 2.04 at 415.09 at 1pm, while the Nasdaq composite of over-the-counter stocks retreated from its record levels, falling 2.98 to 641.94. Turnover on the NYSE was 136m shares by 1pm.

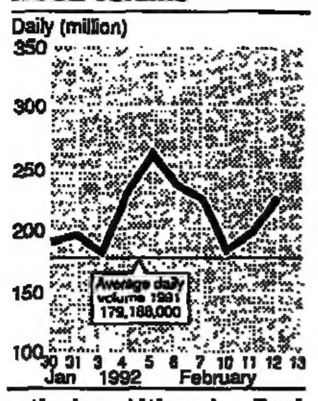
The release of positive economic news – a bigger-than-expected 0.6 per cent rise in January retail sales and a surprise 13,000 decline in weekly unemployment claims – would normally have cheered the market.

The key influence on equities yesterday, however, was bond prices. The fact that the positive economic data reduced the chances of another cut in interest rates depressed the bond market and sent yields on treasury securities sharply higher.

Among individual stocks, the focus was again on corporate profits and the earnings outlook. Although Ford announced a $2.3bn loss for the full year 1991 (a big deterioration from the $860m profit earned in 1990), the bad results had been widely expected and investors chose instead to concentrate on the improvement in fourth quarter results and the company's emphasis on cost control. Consequently, Ford rose $⅛ to $35⅛ in turnover of 1.1m shares.

Pfizer fell $1⅞ to $73½ in heavy trading on the heels of a meeting between the company and analysts at which Pfizer's chief financial officer said first-half performance this year would be affected by increased costs associated with new drug launches.

NYSE volume



The weakness in Pfizer afflicted the rest of the sector, which ran into concerted selling pressure. The ADRs of UK group Glaxo fell $⅜ to $29 in turnover of 1.6m shares, Merck gave up $2 at $151⅝ and Schering-Plough lost $⅜ at $58⅞, all in heavy trading.

Computer stocks were in the news. After recording early gains, IBM slipped $⅜ to $91¼ when it announced it would go ahead with plans to open a laboratory to develop supercomputers. In contrast, Digital Equipment jumped $2 to $61¼ on reports that it has developed a more powerful computer chip.

The ADRs of British Petroleum fell $3 to $59¼ on news of disappointing fourth quarter earnings.

Canada

TORONTO stocks bounced off mid-morning lows, turning mixed at midday. The TSE 300 composite index dropped 8.4 to 3,587.5. Advancing issues led declines by 235 to 215 on volume of 18.8m shares valued at C$193.5m.

Shares of cigarette manufacturers were hit by a government clampdown aimed at stemming the smuggling of Canadian cigarettes back into Canada from the US. Imasco dropped C$1¼ to C$37⅛.

ASIA PACIFIC

Nikkei falls for third day on political scandal fears

Tokyo

A CALL for a cut in the discount rate by a leading politician briefly lifted share prices, but worries about a potential political scandal sent the Nikkei average lower for the third consecutive trading day, *writes Emiko Terazono in Tokyo.*

The index lost 150.62 at 21,391.02 after a day's low of 21,349.33 and high of 21,596.65. A call for a half-point reduction in the discount rate by Mr Shin Kanemaru, vice-president of the ruling Liberal Democratic Party, boosted the index in the afternoon, but share prices later fell on profit-taking and index-related selling.

Volume rose slightly to 200m shares from 170m. Declines led advances by 606 to 300, with 196 issues unchanged. The Topix index of all first section stocks shed 8.73 to 1,586.08, but in London the ISE/Nikkei 50 index firmed 2.15 to 1,214.73.

News of a raid by prosecutors on Sagawa Kyubin, the parcel delivery company entangled in a new political corruption scandal, depressed the market. Miss Caroline Stone at Barclays de Zoete Wedd said: "Market sentiment is already bad, and people are just looking for excuses not to trade."

Meanwhile, the big four brokers – Nomura, Daiwa, Nikko and Yamaichi – presented proposals to revive the stock market to the Japan Securities Dealers Association. They included an increase in profit distribution to shareholders, reducing the minimum trading unit for stocks and reviewing the securities tax system.

The brokers also recommended that steps should be taken to ensure fairness and transparency in the stock market, including the relationship between cash stocks and the derivative markets. However, the proposals failed to have much effect on the market.

The lack of fresh news prompted some issues to be swayed by rumours. Daito Trust Construction fell Y570 to Y8,780 on a string of earnings and scandal-related rumours denied by the company.

Non-life insurance companies weakened on selling by foreign brokers. Tokio Marine and Fire Insurance declined Y30 to Y1,140 and Mitsui Marine and Fire Y8 to Y840.

A total of 37 stocks fell to new lows since the start of last year, including Fujitsu, down Y2 to Y768, and Minolta Camera, retreating Y11 to Y459.

Oji Paper dipped Y8 to Y854. The issue gained ground on Wednesday after Mr Michio Watanabe, the foreign minister, suggested a possible redenomination of the yen.

In Osaka, the OSE average receded 113.97 to 23,103.18 in volume of 80.4m shares. The index fell for the fourth consecutive day as construction, pharmaceutical and electric power issues declined.

Roundup

SENTIMENT stayed mixed in the region yesterday, with Hong Kong at yet another peak, Seoul still on a downtrend and Bangkok setting another turnover record.

HONG KONG closed sharply higher in heavy trading, registering its fourth record high in the last six sessions. The Hang Seng index advanced 31.07 to 4,763.50 as turnover swelled to HK$2.74bn (HK$1.99bn). Dealers expect the local banks to reduce their key rate by half a point to 8 per cent at the weekly meeting today.

Trading in HSBC Holdings, parent company of Hongkong Bank, was heavy, with more than HK$300m worth of shares traded as the stock rose 75 cents to HK$39.75 on speculation of good 1991 earnings.

New World Development moved ahead 40 cents to HK$14.30 in heavy trading, amid rumours of an impending issue of covered warrants.

AUSTRALIA had a volatile day, climbing initially on News Corp's strength but falling back as better than expected unemployment data reduced hopes of an interest rate cut. The All Ordinaries index ended 5.7 up at 1,622.9 after a day's high of 1,634.7, in turnover of A$304.8m.

News Corp surged A$1.50 to A$17.20 after its well-received 38 per cent increase in first-half profits on Wednesday.

BANGKOK chalked up the highest daily turnover in its history, Bt14.83bn against Bt11bn on Wednesday, as the SET index rose 1.76 to 808.20. Three top property issues advanced, offsetting declines in major banks and other stocks.

Bangkok Land and Bangkok Bank topped the active stocks list in turnover of Bt2.15bn each, Land gaining Bt5 to Bt198 and the bank closing Bt8 lower at Bt608.

SEOUL weakened for the fourth day in a row, the composite stock index finishing 7.74 lower at 656.49 as turnover rose from Won341.5bn to Won349.5bn. Rumours of a lack of cash at Hyundai Group dampened sentiment.

NEW ZEALAND was mixed as a lack of support for blue chip issues was partly offset by modest buying interest in small export-related shares. The NZSE-40 index eased 6.71 to 1,470.93 in turnover of NZ$14.4m (NZ$23.5m).

Telecom, due to report its fiscal third-quarter results next Tuesday, slipped 3 cents to NZ$2.36, while Fletcher Challenge, with fiscal first-half earnings expected on the same day, softened 2 cents to NZ$3.44.

TAIWAN rebounded in thin trading, snapping a streak of five losing sessions. The weighted index recovered 26.50 to 5,088.10 as turnover contracted to T$29.7bn, the lowest level in a month.

European volume reflects Wall St's climb

German turnover doubled last month as investors buried their fears, says **John Pitt**

European equity markets were active last month after the holiday shutdown, carried along generally by a buoyant Wall Street. With the exception of Spain, volume trends were positive throughout the Continent.

Germany, still nervous about mounting wage demands, threatened industrial disputes and high interest rates, buried its fears and looked ahead. Volume doubled, and the DAX index gained 7 per cent as it began to look as if wage settlements might be restrained.

By the middle of the month, says Mr James Cornish, a strategist at County NatWest, rumours that German interest rates would soon be cut also helped to stimulate demand. "Germany was really the market that pulled the others along," he says. However, escalation of the dispute in the steel industry depressed the market at the end of the month.

On the surface Milan performed well but, according to Mr Enrico Ponzone, a director at Kleinwort Benson, the rise in volumes was mainly attributable to one-off factors: the introduction of continuous trading, now taking place in ten stocks, and the recording of orders. Previously much of the volume was taking place off-market.

The beginning of the year saw Italy's long awaited deregulation as the Società di Intermediazione Mobiliare (SIM) – a new type of stockbroker, fund manager and corporate finance institution – was introduced.

This followed a debilitating year for the Milan bourse, with investor sentiment buffeted by a string of stockbroker bankruptcies and dismal performances from Fiat, Olivetti and Pirelli. The last mentioned was unsuccessful in its takeover bid for German rival Continental and this has left it with a huge loss, and a commensurate equity funding requirement.

The market is on the upward trend, says Mr Ponzone, although it has come back a little in February. Turnover is likely to show an increase in the months ahead as more companies come on to the continuous trading system.

France, which needs to reduce interest rates, held up well, says Mr Cornish, and the market remains cheap. Volume was seen to decline during the month but rose again respectably at the end. Similarly, the Netherlands peaked at the end of January.

Belgium's turnover remained strong, largely due to high volume in the banking and retailing sectors. A stronger bond market also helped to make equities more attractive and last year's rally in cyclicals was seen to be continuing.

Spain's was the only turnover figure to slip back in January, in spite of a 5 per cent rise on the general index. The previous month's figures, however, had been boosted by year-end window dressing as fund managers came into the market to buy blue chips.

EUROPEAN EQUITIES TURNOVER
Monthly total in local currencies (bn)

Bourse	Oct 1991	Nov 1991	Dec 1991	Jan 1992	US $bn
Belgium	37.16	39.40	32.30	55.85	1.69
France	110.92	102.02	111.06	141.18	25.79
Germany	88.43	91.47	66.00	134.30	83.57
Italy	7,530.80	7,105.40	6,342.00	9,665.20	8.01
Netherlands	11.24	11.97	9.81	16.10	8.81
Spain	516.08	529.26	671.36	637.26	6.31
Switzerland	9.30	10.50	7.70	13.20	9.24
UK	32.19	29.36	26.44	36.40	65.09

Volumes represent purchases and sales.
Italian data adjusted to include off-market trading. Some figures may be revised.
Source: County NatWest WoodMac.

Observers said most of last month's dealing was done in a narrow range, with little trading in industrials. Investors appear to be waiting for a real stimulus to the economy, and definite news of a reduction in interest rates. "For there to be an upturn in investor confidence, there needs to be a cut of between one and two points," an analyst said.

Mr Cornish has also calculated the January volumes compared with a three-month average between September/November. This calculation excludes December because of that month's exceptional year-end factors. On this basis Germany's turnover rose 55 per cent, Belgium's 56 per cent and the Netherlands' 46 per cent. The laggards were Spain and the UK, with 26 per cent and 17 per cent respectively.

EUROPE

Frankfurt preoccupied with Bayer's prospects

INDIVIDUAL situations took the lead on a number of bourses yesterday, *writes Our Markets Staff.*

FRANKFURT heard talk that Bayer might cut its DM13 dividend for 1991 and the shares dropped DM6.10, or 2 per cent, to DM294.20. Hoechst and BASF followed with falls of DM3 to DM248, and DM1.60 to DM245 respectively.

Mr Edgar Bennischeck, head of equity dealing at Bank Julius Bär in Frankfurt, said that Bayer had been dealer-led this week, moving from hopes of a scrip issue on Monday, through Tuesday's shift from overweight to underweight by Deutsche Bank Research.

Julius Bär likes Bayer for its pharmaceuticals content, sees a rise in earnings per share this year, and has it on an estimated DVFA p/e of just over 10, compared with over 12 for BASF and over 11 for Hoechst.

The DAX index closed 2.47 higher at 1,681.29 after a 3.15 rise to 687.24 for the FAZ at midsession. Volume rose from DM5.8bn to DM6bn, Thyssen figuring among active stocks as it rose DM4.10 to DM226.40 on Thyssen Stahl's first product price rise since April 1990.

Elsewhere Metallgesellschaft's DM6.30 drop to DM399 left it DM27.80 down this week. On Tuesday, it reported an earnings drop from DM23.50 to DM10.30 a share, a shock in spite of progressively bearish indications over the past 12 months.

MILAN had a patchy day as traders completed their position squaring ahead of the close of the account today. Residual selling linked to the previous day's options expiry also had a depressing effect. The Comit index fell 4.38 to 533.95 in turnover estimated at around L110bn, unchanged from Thursday's higher-than-expected level.

Banks fell 1.25 per cent as investors started to raise cash ahead of the large $1.5bn San Paolo share offering, details of which emerged yesterday. The offering of 125m ordinary shares in San Paolo, 20 per cent of its capital, is to take place between March 16 and March 20, lead managed by Mediobanca, with SG Warburg and Hambros joint leads in the UK. The shares are expected to be attractively priced between L12,000 and L14,000.

Dealers expected the sector to weaken further. Among the larger stocks, Banca Commerciale Italiana lost L55 to L3,973 and Credito Italiano fell L33 to L2,115. Credito Varesino closed L430 or 7.6 per cent down at L5,080 following the previous day's news that it would be incorporated by its parent Banca Popolare di Bergamo.

The insurance sector was also weak, with the exception of Alleanza, which rose L10 to L13,000 in good volume in anticipation of good results for 1991. Elsewhere, the retailer Rinascente eased L153 to L6,245 as the recent upward revisions of its investment plans made investors nervous.

PARIS ended near the top of its recent trading range, the CAC-40 index closing 14.87 up at 1,876.47 in spite of the early fall on Wall Street. Turnover was reasonable at FFr2.3bn.

L'Air Liquide was in demand on rumours of big buyers ranging from a UK broker to a Scottish institution wanting 1 per cent of the company. However, some dealers attributed the share's FFr25 or 3.6 per cent rise to FFr724 to the covering of a large short position.

The day's biggest gainer was Worms et Cie which gained FFr20 or 5.6 per cent to FFr378 as several large blocs were put through the market.

AMSTERDAM was supported by a stronger dollar although early gains were lost when Wall Street opened lower. The CBS Tendency index closed up 0.2 at 122.10.

Unilever's decision to move out of animal feeds took the shares up by Fl 1.70 to Fl 187.20. Food companies showed year highs, although Wessanen's Fl 1.50 rise to Fl 88.20 was partly attributable to the strong dollar. Hagemeyer, the trading group, rose Fl 2.80 or 2 per cent, to Fl 141.00 on expectations of good full-year results due next Thursday. DSM, the chemicals group, declined Fl 2.50 or 2.3 per cent to Fl 103.60.

MADRID had already discounted January's CPI figure of 1.5 per cent when trading opened and there was little follow-through later in the day. The general index closed down 0.76 at 258.75. Volume was generally more active with a large put-through of 5m shares in Telefónica coming in the last minutes of trading. It closed up Pta5 at Pta1,240. Tabacalera was well traded, and popular with foreign investors: it climbed Pta90 to Pta6,080. Utilities enjoyed generally strong volume, while selling of bank shares late in the day depressed the sector.

STOCKHOLM continued its slide in thin trade, led by Ericsson and Astra. Ericsson B slipped another SKr3 to SKr111 following Tuesday's results from the telecommunications group, which pointed to a gloomy outlook for 1992. Astra B fell SKr5 to SKr590, following talk in London that it might, after all, be a potential bidder for Fisons.

The Affärsvärlden General index fell 5.1 to 948.5. Aga B closed unchanged at SKr308, and Gullspang B by SKr4 to SKr80 on Wednesday's news of a merger between Gullspang, an electricity producer, and the Aga's power generation subsidiary, Uddeholm.

ISTANBUL rallied after the government raised the witholding tax on treasury bills by 5 percentage points to 15 per cent. The 75-share index closed up 127.03, or 3 per cent, to 4,398.65.

FT-SE Eurotrack 100 – Feb 13

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1137.47	1138.42	1137.79	1137.42	1138.03	*1138.71	1137.71	1136.68

Day's High 1139.13 Day's Low 1136.68

Feb 12	Feb 11	Feb 10	Feb 7	Feb 6
1136.12	1137.74	1137.68	1137.10	1138.76

Base value 1000 (26/10/90). *Indicative.

SOUTH AFRICA

JOHANNESBURG closed off the day's high as an early upswing lost momentum. The all-gold index ended up 11 at 1,325, off an early high of 1,331. The industrial index eased 2 to 4,512 after touching 4,526 earlier. The all-share index added 7 to 3,697.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY FEBRUARY 12 1992								TUESDAY FEBRUARY 11 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	144.97	+0.1	120.17	116.88	121.12	128.28	+0.1	4.30	144.88	119.23	116.17	119.80	128.14	160.31	112.74	130.73
Austria (20)	180.50	−0.1	149.63	145.54	150.81	150.71	+1.1	1.91	180.66	148.68	144.87	149.39	149.01	222.37	153.86	202.36
Belgium (46)	140.51	−0.9	116.47	113.28	117.39	114.52	+0.0	5.14	141.65	116.74	113.73	117.29	114.56	151.20	118.04	147.24
Canada (115)	136.96	+0.2	113.54	110.42	114.42	117.28	+0.3	3.14	136.64	112.45	109.56	112.98	116.90	144.28	126.49	139.71
Denmark (36)	259.70	−0.8	215.28	209.39	216.97	219.34	+0.0	1.63	261.76	215.42	209.89	216.45	219.39	273.94	217.74	257.91
Finland (15)	87.98	−0.6	72.93	70.93	73.50	80.66	+0.1	2.68	88.54	72.87	71.00	73.22	80.60	125.15	73.32	107.80
France (108)	150.32	−1.0	124.61	121.19	125.58	129.10	−0.1	3.44	151.86	124.98	121.76	125.56	129.17	154.70	119.11	144.34
Germany (65)	118.47	−1.8	98.21	95.53	98.98	98.98	−0.7	2.33	120.60	99.25	96.71	99.72	99.72	125.35	94.15	120.54
Hong Kong (55)	196.70	+1.2	163.06	158.59	164.35	195.79	+1.2	3.87	194.44	160.02	155.91	160.79	193.42	196.74	119.62	138.19
Ireland (18)	167.83	−0.9	139.13	135.32	140.22	142.38	+0.2	3.59	169.34	139.36	135.78	140.02	142.15	182.46	132.88	162.12
Italy (77)	77.09	−1.6	63.90	62.15	64.40	69.54	−0.7	3.32	78.35	64.48	62.82	64.78	70.07	88.23	64.78	83.68
Japan (473)	123.10	−1.6	102.04	99.25	102.86	99.25	−1.1	0.86	125.13	102.98	100.33	103.46	100.33	148.97	118.23	143.06
Malaysia (68)	240.92	−1.2	199.71	194.24	201.28	242.82	−0.8	2.71	243.75	200.60	195.44	201.55	244.69	247.78	189.18	221.61
Mexico (18)	1621.25	+2.0	1343.95	1307.16	1354.52	5427.88	+1.9	0.96	1589.26	1307.92	1274.33	1314.16	5324.05	1621.25	534.45	599.85
Netherland (31)	152.74	−0.9	126.61	123.15	127.61	126.04	+0.0	4.29	154.17	126.88	123.62	127.49	126.03	156.46	125.70	143.30
New Zealand (14)	45.56	+0.6	37.76	36.73	38.06	44.80	+0.6	6.13	45.27	37.26	36.31	37.44	44.42	54.64	41.18	51.86
Norway (24)	176.12	−1.5	146.00	142.00	147.15	150.12	−0.8	1.78	178.83	147.17	143.40	147.88	151.28	223.24	157.08	214.05
Singapore (38)	223.37	−1.3	185.17	180.10	186.62	167.89	−1.1	2.08	226.34	186.26	181.49	187.16	169.71	228.43	151.63	181.96
South Africa (61)	239.32	−0.9	198.39	192.95	199.94	185.51	+0.5	2.68	241.49	198.74	193.63	199.68	184.56	271.99	173.00	194.13
Spain (52)	157.83	−1.2	130.83	127.25	131.86	121.12	+0.1	4.58	159.68	131.41	128.04	132.04	120.97	171.12	131.51	163.25
Sweden (25)	180.83	−1.3	149.90	145.80	151.08	155.67	−0.6	2.87	183.22	150.79	146.92	151.51	156.64	204.12	146.60	180.42
Switzerland (59)	101.36	−1.2	84.02	81.73	84.69	90.39	−0.2	2.21	102.59	84.43	82.27	84.85	90.57	104.22	82.17	99.90
United Kingdom (233)	179.94	−1.2	149.17	145.07	150.33	149.17	−0.5	4.98	182.20	149.94	146.08	150.64	149.94	187.44	156.27	160.74
USA (523)	170.30	+0.9	141.17	137.31	142.29	170.30	+0.9	2.87	168.76	138.89	135.33	139.56	168.76	171.66	125.95	149.38
Europe (809)	146.29	−1.3	121.27	117.95	122.23	122.41	−0.4	3.93	148.15	121.93	118.80	122.51	122.89	151.52	125.50	146.93
Nordic (100)	181.48	−1.1	150.44	146.32	151.62	149.32	−0.3	2.17	183.44	150.97	147.09	151.69	149.83	200.61	155.55	185.61
Pacific Basin (717)	126.09	−1.4	104.52	101.66	105.35	102.66	−0.9	1.19	127.91	105.27	102.57	105.77	103.84	145.92	117.86	142.10
Euro−Pacific (1526)	134.45	−1.4	111.46	108.40	112.33	111.39	−0.7	2.38	136.30	112.17	109.28	112.70	112.17	147.86	121.29	144.44
North America (638)	168.18	+0.9	139.41	135.61	140.53	166.69	+0.9	2.88	166.72	137.21	133.70	137.88	165.24	169.69	125.91	148.70
Europe Ex. UK (576)	125.79	−1.3	104.27	101.44	105.11	106.82	−0.3	3.18	127.41	104.85	102.18	105.38	107.13	129.80	103.58	126.27
Pacific Ex. Japan (244)	155.66	+0.2	129.03	125.52	130.06	139.55	+0.3	3.82	155.35	127.86	124.59	128.47	139.10	155.66	111.40	130.09
World Ex. US (1720)	136.63	−1.3	113.26	110.17	114.15	113.87	−0.6	2.40	138.37	113.88	110.96	114.42	114.37	146.16	122.32	145.03
World Ex. UK (2010)	143.61	−0.3	119.21	115.96	120.16	129.28	+0.0	2.30	144.28	118.74	115.70	119.32	129.23	150.58	120.06	141.93
World Ex. So. Af. (2182)	146.37	−0.4	121.33	118.02	122.30	130.68	+0.0	2.58	146.96	120.96	117.87	121.55	130.72	153.05	122.92	145.06
World Ex. Japan (1770)	160.94	+0.1	133.41	129.77	134.48	148.35	+0.4	3.27	160.63	132.36	128.97	133.01	148.74	161.90	128.69	148.02
The World Index (2243)	146.96	−0.4	121.82	118.49	122.79	131.18	+0.0	2.58	147.58	121.46	118.34	122.04	131.21	153.70	123.28	145.36

Latest prices were unavailable for this edition.